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NEWS SUMMARY

GENERAL

Three Spanish police killed

Three police officers were shot dead in a San Sebastian bar on the eve of Spain's national referendum on the new democratic constitution.

The killers, thought to be Basque separatists, machine-gunned a plainclothes superintendent, an inspector in the armed police and a member of the San Sebastian municipal police force.

The policemen were all in plainclothes and the attack was similar to one last week in which separatists killed an off-duty Civil Guard officer. Pages 3 and 20

£20,000 'passed on to Holmes'

Nadir Dinshaw, the Jersey-based businessman, told the Thorpe committal hearing at Minehead about £20,000 he passed on from Jack Hayward to David Holmes. The prosecution alleges the money was used to fund a plot to kill Norman Scott.

Mr. Dinshaw said that in early 1974 he forwarded on a cheque for £10,000 to Holmes and later in the year he paid over another £10,000, this time in cash.

Print union move in NUJ strike

Leaders of the National Graphical Association may instruct their provincial members to handle only copy processed by editors during the provincial journalists' strike. The NGA has already taken similar action at the Press Association news agency. Back and Page 8

Vance peace trip

U.S. Secretary of State Cyrus Vance is to visit Cairo and Jerusalem next week to discuss ways of re-starting the stalled peace talks.

Menten wanted

Israel is to seek the extradition of Dutch millionaire Pieter Menten following the court decision in the Hague to drop war-crime charges laid against him. Page 2

Commuters hit

Most train services to and from Waterloo are being hit by a 24-hour drivers' strike which began at midnight last night.

Defence deal

NATO Defence Ministers meeting in Brussels are close to an agreement on the setting up of a $1.8bn airborne early warning system to guard against a surprise attack by the Warsaw Pact. Page 3

Smith hopeful

Rhodesian Premier Ian Smith said in Salisbury that an all-party peace conference might be closer. He was speaking after a first round of talks between the British and U.S. special envoys and the provisional government.

The Wild West

Dartmoor farmer Andrew Witton has offered £1,000 reward for information about rustlers who have stolen nearly 300 sheep since July.

Briefly . . .

Venezuelan Government has conceded victory to opposition presidential candidate Luis Herrera Campins after Sunday's elections.

Boy aged 15 who shot dead his father was jailed for eight years and ten months in Rome.

Bulgarian ambassador was recalled from Cairo after a row over the treatment of three Egyptians living in the embassy.

Pakistan's ex-Premier Bhutto, sentenced to death, will make a plea for his life to the supreme court.

Another 169 Vietnamese refugees arrived in Hanover from Malaysia.

UK travel agents say bookings for holidays abroad are running 150 per cent up on the same time last year.

December £100,000 Premium Bond winner lives in Harrow, London. No.: 6MF 284943.

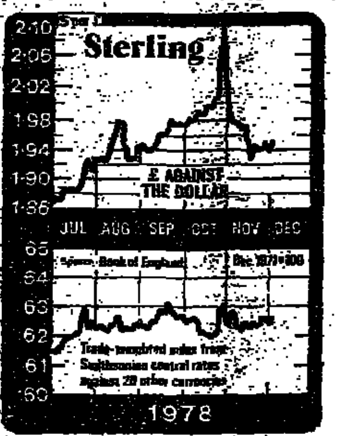
BUSINESS

Equities fall 1.7; sterling firmer

● EQUITIES were steady for most of the day, but showed a modest fall after hours on reports of uncertainty over the membership of the European Monetary System. The FT Ordinary Industrial Index fell 1.7 to 488.2.

● GILTS made steady progress, with the emphasis on shorts. The Government Securities Index was up 0.14 at 68.86.

● STERLING was firmer, rising 65 points to $1.9515. Its trade-weighted index rose to 62.7 (62.5). The dollar lost ground,



its trade-weighted depreciation widening to 8.3 (8.1). But it finished stronger against the D-mark at DM 1.9180 (DM 1.9155).

● GOLD fell $1¾ in London to close at $197¾.

● WALL STREET was up 7.19 at 811.02 near the close.

● U.S. TREASURY bill rates were: threes 8.984 per cent (9.169) and sixes 9.22 per cent (9.35).

● MONEY SUPPLY was steady last month with bank lending rising moderately. There was no sign of any significant rise in the demand for funds by manufacturing industry. Back Page

● A RECORD $2.5bn (£1.28bn) intervention by the U.S. authorities in the foreign exchange markets between August and October failed to prevent a run on the dollar, says the New York Federal Reserve Bank. Back Page

● NEW CLASS of companies with net assets below £1m and employing not more than 200 workers should be recognised and exempted from audit and disclosure requirements in the Companies Bill, a Commons Standing Committee was told. Page 8

● FREDDIE LAKER, who runs the cheap-fare Skytrain flight between London (Gatwick) and New York and Los Angeles, is seeking a change in his licences to allow advance ticket sales. Page 7

● BRITISH AEROSPACE is to invest up to £25m of its own resources in developing a new version of the Jetstream light transport aircraft at Prestwick, Ayrshire. Page 7

● UNION NEGOTIATORS in West Germany voted to call in a political mediator to help settle a week-long steel strike affecting nearly 80,000 workers. Page 3

● BOILERMAKERS' Amalgamation has called a half-day token strike on December 15 to demonstrate opposition to EEC plans for reorganising the European shipbuilding industries.

COMPANIES

● PLESSEY, the UK electronics group, increased second-quarter profits by 8.9 per cent to £10.7m giving a £23.1m total for the half-year to September 30, an increase of 4 per cent. Page 23

● SMITH & NEPHEW, the surgical medical and sanitary products group, improved pre-tax profits by 19 per cent to £14.03m on a 5.7 per cent rise in external sales for the 40 weeks to October 7. Page 22

● H. J. HEINZ of the U.S. reports a 19.4 per cent increase in net income in the three months ending November 1. Page 19

● ROBERTSON FOODS is moving into the home brewing business with a £1.6m acquisition of Unican, the Pentland Group subsidiary. Page 24

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Exchequer 9½pc 1982	£90½	+ 5/16
Exchequer 12pc '99-02	£94¼	+ ½
Cartiers	118	+ 9
GEC	340	+ 4
Hepworth (J.)	73	+ 3
Hunting Assoc. Inds.	310	+ 20
Ingram (H.)	35	+ 5
MFI Furniture	171	+ 9
NatWest	290	+ 4
Pegler-Hattersley	160	+ 4
Pentland Inds.	25	+ 2½
Plessey	112	+ 4
Singer (J. K.)	40	+ 3
Stonehill	121	+ 6
Sykone	146	+ 8
Tarmac	155½	+ 3½
Warner Estate	150	+ 5

FALLS

Allied Irish Banks	202	− 6
Averys	234	− 5
Carless Capel	29	− 3
EMI	132	− 6
Lotus Car	48	− 3
Paterson Zochonis	180	− 10
Robertson Foods	133½	− 7½
Swan Hunter	149	− 4
Anglo United	174	− 16
Hartebeest	£10¾	− ½
North West Mining	26	− 4
Peko-Wallsend	418	− 8
Westfield Minerals	350	− 20

Italy and Ireland may also stay out

Callaghan confirms UK not in EMS

BY GUY DE JONQUIERES AND PETER RIDDELL BRUSSELS, DEC. 5

HOPES OF setting up an EEC-wide currency stabilisation plan from the start of next year appeared increasingly remote tonight, amid growing indications that both Italy and Ireland as well as Britain would refuse to join the scheme as full members.

Mr. James Callaghan removed any lingering doubts about British intentions by announcing that he could not recommend UK participation in the exchange-rate mechanism from January, but that the UK might join later if the conditions were suitable.

He strongly deplored the lack of progress by EEC Heads of Government in the past two days in discussions on improving the balance of financial and economic resources in the Common Market, and their virtual failure to tackle much-needed changes in the Common Agricultural Policy.

"In due course the CAP will break down under its own weight," he said tonight.

Noting that other Governments now shared Britain's doubts and were unsure about entering the proposed European Monetary System, Mr. Callaghan forecast that its future depended on the EEC's success in dealing with problems on resource transfer.

President Giscard and Herr Schmidt: baulked at economic concessions.

Mr. Callaghan, who left the discussion for a short time, declined to say whether the UK had committed itself specifically on sterling's future relationship with other EEC currencies. But he said the Government's policy was clear, and would aim at keeping the value of the pound stable.

EEC leaders were still deeply divided over the crucial question of accompanying measures to strengthen less prosperous economies, in spite of their agreement early this morning on the technical details of arrangements to link their currencies.

The unexpectedly bitter confrontation over this issue has largely overshadowed the potential problems and political tensions occasioned by Britain's efforts to negotiate partial membership of the EMS.

Both Italy and Ireland were still pressing for economic concessions from their richer partners after rejecting a total offer of increased EEC lending of 5bn European units of account (about £3.5bn over several years). They claimed that this did not constitute an adequate transfer of resources, as the money would eventually have to be repaid.

Leaders of both countries insisted that unless the offer was substantially improved they could not declare at this meeting whether they planned to join the EMS, as had been widely expected.

The stalemate developed after France and West Germany, the principal authors of the EMS plan, baulked at increases of the order sought by Italy and Ireland. President Giscard d'Estaing, in particular, opposed a proposal to step up EEC regional fund grants next year by 60 per cent to 1bn EUA (£0.7bn).

His attitude was clearly influenced by his own difficulties with the Gaullist and Com-

Continued on Back Page

Shell and Esso seek go-ahead for North Cormorant field

BY KEVIN DONE, ENERGY CORRESPONDENT

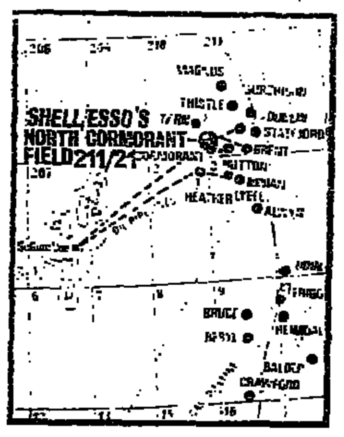
SHELL AND ESSO have applied to the Department of Energy for approval of their plan to develop the North Cormorant oil field in the northern North Sea.

The application has been made in spite of repeated assertions recently by both companies that the Government's plan to raise the rate of petroleum revenue tax is threatening the viability of North Sea projects.

The development of the North Cormorant field is likely to cost about £450m. If the plan is approved quickly, it will provide a welcome boost next year for UK offshore equipment suppliers and particularly the platform construction industry.

Shell, which is the operator for the field, is planning to develop North Cormorant through a conventional steel platform. The field would be linked by a spur line to the Cormorant A platform and oil would be produced through the Brent System pipeline to Sullom Voe.

The field is located about 100 miles north-east of the Shetland Islands. It is a medium-sized dis-



covery made in 1974 with recoverable reserves of oil estimated at 450m barrels.

According to Wood Mackenzie, the stockbrokers, North Cormorant could have a peak production rate of about 180,000 barrels a day.

Much of the detailed design work for the steel platform has already been completed by CJB-Earl and Wright, and a contract for the management and design of the deck units has been awarded to Taywood-Santa Fe and Humphreys and Glasgow.

If the development plan is given an early go-ahead by the Department of Energy, it is possible that a platform order could be placed next year. This would mean that production could commence in late 1982 or early 1983.

It is understood that associated natural gas from the field will be piped to the western extension of the Brent gas pipeline, which is already being built from the existing Cormorant A platform to the Brent A platform.

The South Cormorant Field in block 211/26 is much smaller than North Cormorant. It was developed first, however, because it was ideally located to act as the collecting point and main pumping station for the group of fields being connected to the Brent System pipeline. South Cormorant should start production in the middle of next year.

A further development of oil reserves located between North and South Cormorant could follow if Shell and Esso decide to go ahead with an advanced project for a complicated sub-sea well-head development.

Shell is constructing in Holland an underwater manifold that could be the hub of a system of nine subsea well-heads. The whole system would be placed on the sea bed and oil could be produced from the manifold through a single connecting pipeline to one of the Cormorant platforms.

The manifold is designed to allow inspection and maintenance work to be carried out in dry single-atmosphere conditions on the sea bed, although work on the individual well-heads would probably still be carried out by divers.

The Department of Energy is now considering a total of three development plans for North Sea oil fields. Decisions on applications made by Phillips for the Maureen Field and by British Petroleum for the Magnus Field are expected

BNOC discovery Page 6

Talks on bread strike today

BY PHILIP BASSETT AND DAVID CHURCHILL

BAKERY EMPLOYERS and union leaders will resume talks today on the four-week national break strike. The request for fresh talks came from the union, which has raised hopes that the initiative may lead to an end to the strike.

The peace moves come on the same day as the Price Commission is expected to decide whether to allow one of two major bakers, Ranks Hovis McDougall, to put at least 1p on the price of a standard loaf. Ranks yesterday announced a 15 per cent drop in pre-tax profits for the year.

Pressure to find agreement in the peace talks will be increased by the decision of Scottish bakers' leaders yesterday to accept a 12.4 per cent offer from Ranks and Associated British Foods.

The talks will be held today under the aegis of the Advisory, Conciliation and Arbitration Service, which will try to remove the bitterness created in the earlier talks on the dispute, also held at ACAS, when the employers accused the Bakers', Food and Allied Workers' Union of "deliberate misrepresentation" of their productivity proposals.

An offer of 5 per cent on basic rates and 6 per cent for productivity has ben rejected by the union, which is claiming rises of 26 per cent.

The 7,000 Scottish bakers, members of the Union of Shop, Distributive and Allied Workers, will hold balots on their 12.4 per cent settement—believed by both unions and employers to be within the Government's pay guidelines.

The deal, which is being recommended by union negotiators, includes a 5 per cent pay increase plus a 7.4 per cent incentive payment in return for flexible working arrangements to improve productivity and reduce absenteeism.

The Price Commission's decision to consider a price rise will be taken at its regular Wednesday meeting. It comes at a significant times for Ranks since its fall in pre-tax profits for the financial year ended September 2, occurred in spite of an increase in sales of just under 11 per cent.

Pre-tax profits were £31.121m this year compared with £36.458m in 1977, while sales rose from £1.107m to £1.228m this year.

Ranks results Page 23
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Iran strike cuts oil output again

BY OUR FOREIGN STAFF

THE IRANIAN oil industry crisis worsened yesterday as Saturday's revival of full-fledged strike action continued to hit oil production and exports harder. At best, total production was expected to be only 3.7m barrels, 60 per cent of the level needed to satisfy world demand, and the figure may turn out to have been even lower.

The Iranian Information Ministry yesterday officially denied reports that a Regency Council was under consideration to replace the Shah.

Such a council would rule the country after the Shah's abdication until his heir was old enough to assume the throne. The Ministry said such reports wer completely baseless.

In an interview with foreign correspondents, General Gholam Reza Azhari, the Prime Minister, said there was no possibility of the Shah stepping down.

The denials—the first official comment on a much discussed subject—are seen in Tehran as designed to squash the mounting speculation in political circles that the only way out of the present deadlock would be for the Shah to leave the country.

The Iranian Government is moving cautiously in its handling of the renewed strike action in the south-western oilfields. Observers say little pressure is likely to be brought to bear until after next Monday, which marks Ashura, the climax of the present month of religious mourning and widely regarded as the biggest spsychological hurdle the Government has to overcome.

No more than 3m barrels of crude oil will have been available for export yesterday, instead of the 5.2m barrels produced at the end of last week and the 5.7m barrels a day that Iran should be putting on to world markets. The major companies are stocking up in anticipation of an OPEC price rise later this month and to meet high seasonal demand in the West.

The outlook remains gloomy, with a continuing decline in production forecast, as the strike spreads.

The Prime Minister yesterday branded Ayatollah Rohollah Khomeiny—the figurehead of the opposition movement against the Shah—as a tool of "the enemies of this country." These enemies, he claimed, "are issuing many things in his name."

General Azhar, who is also armed forces Chief of Staff, was addressing his first news conference since his appointment a month ago as Premier to quell unrest against the Shah.

He said troops would use force if necessary to put down any violence at Shi'ite Moslem gatherings during the mourning month. But he denied rumours that the military authorities were planning to impose a 48-hour curfew on Tehran because of fears of violence if Iranians defied a ban on mourning processions.

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Life in Tehran Page 4

Commission confirms S. Africa cover-up

BY QUENTIN PEEL AND JOHN STEWART CAPE TOWN, Dec. 5.

THE UNCONTROLLED misappropriation of millions of pounds of South African Government money, and a concerted effort to cover up the irregularities, were disclosed today in an official judicial report on the activities of the disbanded Department of Information.

The report shows that more than R64m (£37.6m) was devoted by the Government to clandestine projects organised by the department over the past five years. Almost half was spent on the establishment of a pro-Government English-language newspaper, the Citizen, designed to present an "objective" view of South Africa.

The damaging findings of the Erasmus Commission, set up by Mr. P. W. Botha, the South African Prime Minister, to investigate allegations of corruption and misappropriation of funds by the former department, vindicate the reports of the South African press on the scandal, and substantiate the evidence published last month by Judge Anton Mostert in defiance of Mr. Botha.

The report condemns Dr. Connie Mulder, the former Infor-

Continued on Back Page

£ in New York

—	Dec. 5	Previous
Spot	[illegible]	[illegible]
1 month	[illegible]	[illegible]
3 months	[illegible]	[illegible]
12 months	[illegible]	[illegible]

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FEATURES

For latest Share Index 'phone 01-246 8025

The fruits of a good grain harvest. **Anthony Robinson** reports

Soviet planners cross their fingers and hope for growth

BOOSTED BY this year's record grain harvest Soviet planners have uprated their growth targets for 1979 in an effort to make up for slippage below plan performance in major sectors of the economy over the first three years of the current five year plan.

In spite of the higher target however it is now virtually impossible for the Soviet Union to achieve the goals of its original five year plan. These entailed an average annual increase in national income ranging from 4.4 to 5.1 per cent and a total increase of between 24 and 28 per cent in the 1976-80 plan period as a whole.

National income is the nearest Soviet equivalent to the Western concept of Gross National Product. It is now scheduled to rise by 4.3 per cent in 1979. This is higher than the 1978 target of 4 per cent and the 1977 outcome of 3.5 per cent—which represented the worst economic performance since the war.

But it will now require an increase in national income of around 7 per cent in 1980 to meet the overall plan targets—and the Soviet Union has not managed growth like that since the 1960s.

Mr. Nikolai Baibakov, the Soviet planning chief, told the Supreme Soviet last week that heavy industry output is planned to rise 5.8 per cent in 1979, compared with an uprated 4.7 per cent this year, while output of consumer and light industry goods, the traditional cinderella of Soviet industry, is scheduled to rise 4.6 per cent compared with 3.7 per cent this year.

Central to the achievement of these higher targets is the plan for a 4.7 per cent increase in labour productivity in 1979 compared with this year's target of 3.6 per cent.

An idea of the difficulty which may be faced in reaching this target can be gleaned by the fact that over the first nine months of this year productivity gains did not even reach the modest 3.6 per cent target.

What the planners appear to be banking on is the introduction of new plant incorporating western and other new technology, the sharply higher output of computers, and higher volume output of trucks from the massive Kama truck plant, which is over two years behind schedule. Also there should be higher productivity in agriculture reflecting the massive investments in fertilisers, high powered tractors and farming technology generally in recent years.

One of the problems however is that gains from new capacity and new machines have to more than compensate for the growing difficulties and cost of energy and raw material sources in the older industrial areas in the western part of the Soviet Union and the high costs of creating the new industrial complexes and raw material resources in Siberia.

Mr. Brezhnev indicated both the size of the problem and the efforts currently being made to develop Siberia in his speech to the Communist Party's Central Committee. "The creation and development of a number of territorial production complexes, above all in the eastern part of the country, constitutes a new event of fundamental importance," he said. He singled out "the west Siberian, Bratsk, Pavlodar-Ekibastuz, Orenberg, Nizhn Kamsk and other complexes.

"During the past three years," he went on, "they accounted for the entire increment in oil production, for nearly the entire increment of gas production, and for a considerable part of the increase in power generation, coal and iron ore and the production of trucks and tractors."

Oil production is one of the key indicators, not only because of oil's intrinsic importance to the economy and as a source of hard currency export revenue, but also because the most pessimistic Western forecasts of the Soviet economic performance over the next decade are posited on the assumption of a rapid peaking and subsequent decline of oil production matched by increasing domestic demand.

Mr. Baibakov indicated that the Soviet Union plans to raise oil production by a further 20.5m tons next year to 593m. This indicates that this year's oil, and condensate target of 575m tons (up 5.3 per cent on 1977) will be missed by a small margin. More importantly, however, it indicates that the Soviet Union will now be hard pressed to achieve the lower part of the original target of 620-640m tons for the five-year plan. It will be virtually impossible, barring an unexpected jump in productivity, to achieve the revised higher target of 640m tons.

Generation of electricity is scheduled to rise 4.8 per cent to 1,265bn kWh next year from 1,207bn in 1978 with power from nuclear stations planned to jump by 21 per cent. Oil and gas pipelines will also be extended by a further 10,000 kms, and once again a considerable proportion of the total pipes laid will be imported as the Soviet Union's own steel capacity is a major bottleneck, and will remain so.

Coal production targets have been downgraded during the life of the current five-year plan and next year's target now stands at 752m tons. According to Mr. Baibakov this is 25m tons more than 1978. This puts 1978 production at 727m tons, 19m tons below the 746m-ton target. This is only 5m tons higher than last year's output of 722m tons and reflects the enormous difficulties attached to opening new open cast mines in the east and delays in sinking new mines in the Donbas and other traditional areas.

Meanwhile, this year's record grain harvest of 235m tons, far from being interpreted as a welcome windfall unlikely to be repeated next year without considerable luck and help from mother nature, has been taken as a starting point for even more ambitious agricultural growth targets next year. In spite of the record harvest the overall growth of agricultural production last year was only 4.1 per cent. Next year's target is for a 5.8 per cent rise and a further 23.5bn roubles (£18bn) has been allocated to the agricultural sector.

One major factor to be taken into consideration is the decision to raise producer prices radically over a wide front next year in an attempt to provide greater incentives. At the same time Mr. Brezhnev underlined yet again the need for adequate storage facilities, the need for special farm trucks—and indeed the vital need for good roads in rural areas, many of which are still reachable only by rutted, unmetalled cart tracks.

Although this year's grain harvest looks good in volume terms, quality leaves much to be desired in many cases due both to inadequate storage and the very wet weather which affected many growing areas.

This reminder of the climatic difficulties affecting Soviet agriculture emphasises the degree of optimism and atmosphere of crossed fingers contained in next year's higher growth targets. The agricultural growth target is high. But its achievement depends to a considerable degree on climatic and other conditions outside the planners' control. Industrial growth targets on the other hand appear to depend on a sharp rise in productivity without any clear indication of where this is to come from.

Although Mr. Brezhnev singled out several sectors and organisations for criticism in his speech to the Central Committee he gave no hint of the sort of economic reforms, which are being introduced in varying degrees in several East European economies.

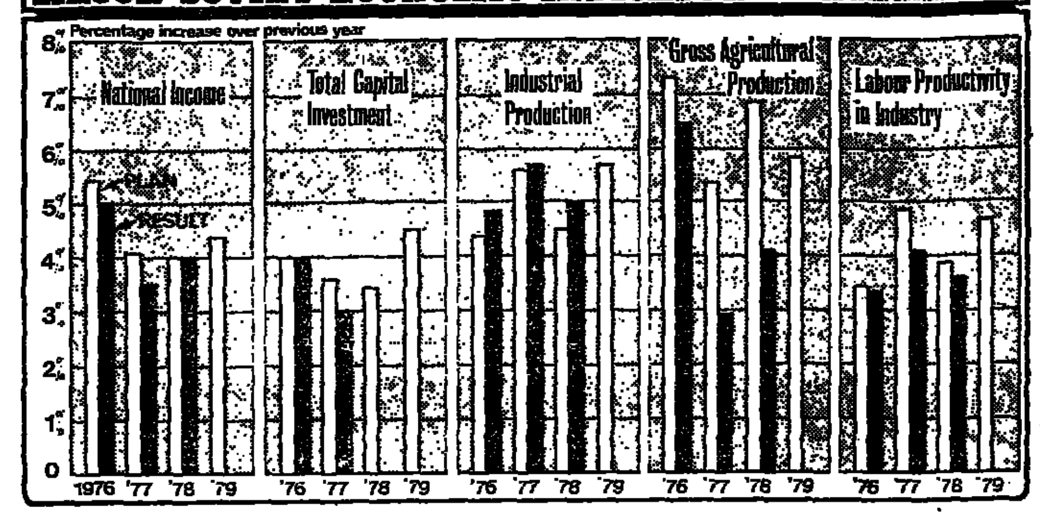
What is striking about Mr. Brezhnev's criticism of the economy is that the same weaknesses crop up year after year. In spite of having invested 50bn roubles over the past three years in the development of ferrous and non-ferrous metals and the oil, gas and coal industries Mr. Brezhnev complained of continuing shortages of metals and fuel and blamed shortcomings on "omissions in the work of the corresponding ministries and slack control over the fulfillment of plans by enterprises and construction sites."

He also complained that "we have not yet succeeded in stopping the process of scattering capital investments among numerous construction projects.

In spite of the fact that in quantitative terms some 700 major new industrial enterprises have started production over the first three years of the plan and output is 450bn roubles higher than the same period of the previous plan, little progress appears to have been made towards the overall aims of higher efficiency and productivity which are supposed to be the hallmarks of the current plan.

The implications are that the Soviet Union will try to step up imports of western technology over the last two years of the plan in order to try and eliminate bottlenecks.

MAJOR SOVIET ECONOMIC INDICATORS Source: SOVIET STATISTICS



Turkey and U.S. sign financial agreements

TURKEY AND the U.S. signed four agreements yesterday providing fresh credit to the debt-ridden Turkish economy and deferring payment in some old debts, AP-DJ reports from Ankara.

Under one of the agreements, the U.S. is to extend $50m to Turkey for balance of payments assistance. The credit is to be repaid in 10 years at 8.77 per cent interest.

The loan was approved by the U.S. Congress along with a military credit of $175m and repeal of the embargo on arms shipments to Turkey.

The other three pacts were implementing agreements within the framework of a Turkish-American debt rescheduling accord signed in Washington in September.

Ankara raids

Heavily-armed gendarmerie commandos today guarded Ankaran banks after a spate of robberies timed to coincide with daily two-hour power cuts when alarms are shut off, reports Reuter from Ankara. Nationwide cuts to bridge the gap between supply and increasing demand began in June, 1977, and officials said commandos on guard duty in Istanbul had significantly reduced the number of robberies there.

Nobel demonstrations

At least three anti-Israeli demonstrations have been scheduled in Oslo for Sunday in connection with the Nobel peace prize ceremony, and representatives of the Palestine Liberation Organisation have been invited as guests of honour at two of them, according to AP in the Norwegian capital.

Mengistu in Hungary

Lt. Col. Haile Mariam Mengistu, Ethiopia's Marxist head of state, yesterday ended a two-day state visit to Hungary and flew off to Bucharest, the next stage of his tour of eastern Europe, AP writes from Budapest.

Danish air delays

Air traffic in and out of Copenhagen experienced minor delays on Tuesdays as air controllers refused to work overtime in a dispute over a new pension system, AP reports from the Danish capital.

German hen record

West German hens contributed to the country's economic growth in the past year, raising their annual output by two eggs apiece, a semi-official survey disclosed yesterday, says a Reuter despatch from Bonn. Each hen laid on average 243 eggs in the 1977-78 fiscal year, two more than in the previous 12 months.

Refugees arrive

More Vietnamese refugees arrived in Hanover on Tuesday from Malaysia aboard a West German air force transport aircraft, according to Reuter. The 169 refugees will be given temporary housing in a refugee camp near Hanover.

Russian appointment

Mr. Tikhon Kiselev, 61, from Byelorussia, has been named one of 12 Deputy Prime Ministers of the Soviet Union, the official news agency Tass reported on Monday, monitored by AP. An educator by profession, Mr. Kiselev has held party and government positions in his native republic since 1944.

Nuclear capacity

France's Mediterranean fleet yesterday acquired a nuclear capacity with the arrival of a strike aircraft equipped to carry nuclear weapons, Reuter reports from Toulon.

Soviet planner dies

Mr. Viktor Lebedev, a leading Soviet economic planning expert, died on Sunday aged 62, Pravda newspaper reported yesterday. Mr. Lebedev, first Deputy Director of Gosplan, the state planning organisation, twice received the highest state award, the Order of Lenin.

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Court decision fails to end war crime row

BY CHARLES BATCHELOR

AMSTERDAM, Dec. 5.

THE COURT'S decision to drop war crimes charges against Mr. Pieter Menten, the 79-year-old millionaire, has provoked a storm of protest from former resistance groups in Holland.

Two prominent journalists, one Dutch one Israeli, who dug up much of the evidence which led to Mr. Menten's series of trials, expressed disappointment at the result. Some lawyers wondered if the decision announced yesterday by a special court in The Hague has cleared up all the uncertainties surrounding the case.

Press comment in Holland has been more muted, but one major Dutch daily commented that the case had left a bitter taste, while another drew attention to the remaining unanswered questions.

Mr. Menten may have disappeared temporarily from view behind the walls of a private clinic near The Hague, but the reverberations of the remarkable series of court hearings will continue for a long time.

Nearly 40 years after his alleged participation in the mass execution of Jews in Poland and 24 years after a case was first drawn up against him, Mr. Menten appeared before a court in Amsterdam in May of last year. After 25 sittings, in which Mr. Menten showed his years had dimmed none of his vigour, he was sentenced to 15 years in prison. Both his lawyers and the public prosecutor, who had asked for 20 years, appealed against this judgment.

In May of this year the Dutch Supreme Court quashed the sentence and ordered a retrial on the grounds that the first court had made errors of procedure. In particular, the Supreme Court wanted to know more details of Mr. Menten's claim to have been freed from further prosecution in 1952 by Mr. L. A. Donker, the then Justice Minister.

In last month's hearing the Justice Ministry admitted it was unable to find any record of Mr. Menten's past while the accused himself could find nothing among his papers. However, he produced a number of witnesses whose testimony swayed the judges. Mrs. D. M. Kortenhorst, the widow of Mr. Menten's lawyer in the 1950s, clearly remembered her husband telling her Mr. Menten had said he had been pardoned, while other witnesses backed this version of events.

From the start the Menten trials have dragged up unpleasant memories. Last month's hearings brought the "Velsen Affair" into the light of day again. Mrs. Kortenhorst recalled that the Justice Minister had agreed to drop charges against Mr. Menten in return for his silence for a dubious series of events in and around the small town of Velsen towards the end of the war and after.

Local policemen and even senior officials were alleged to have collaborated with the Germans and later to have covered up evidence of their actions. A series of inquiries got nowhere and the findings of the final investigation remain secret to this day.

It was Mr. Menten's decision in 1976 to auction off part of his sizeable art collection which focused attention on him. Mr. Haviv Kanaan, an Israeli journalist who already had tried unsuccessfully to rouse interest in Mr. Menten's war-time activities, brought up the matter again. It was taken up by a reporter on the Dutch weekly Accent, and the publicity led the Justice Ministry to re-open its files.

The role of the Press in pursuing Mr. Menten has not gone uncriticised. Charges that the newspapers and magazines concerned were only after sensation to boost circulation were levelled by Mr. Menten's lawyer.

The authorities were reluctant to start re-opening old wounds and moved cautiously. The day before the police came to arrest Mr. Menten at his villa in the smart dormitory town of Blaricum, east of Amsterdam, in 1976, he and his wife fled. They were found a few weeks later in a Swiss hotel and extradited to Holland.

The unpreparedness of the police authorities brought a storm of criticism on the head of the Justice Minister, and now Prime Minister, Mr. Dries van Agt, in the subsequent Parliamentary debate. The fact that Mr. van Agt had allowed urgent papers on the Menten affair to lie unread on his desk came in for particular criticism.

The ire of many groups in Holland has been roused because while legal considerations led the special courts to free Mr. Menten, none of the facts established in the original trial have been disputed. Mr. Menten was found guilty of taking part in the mass execution of Jews in the village of Podhoroce but cleared of a similar charge concerning action in another village, Urycz.

The public prosecutor has appealed against the decision to dismiss the charges. The detailed arguments put forward by the court in yesterday's judgment seemed to indicate little chance of the ruling being overturned on a point of law. And the appeal entered the Supreme Court, which quashed the 15-year sentence in the first place.

Many questions remain unanswered. The latest court ruling said that there was a reasonable chance that Mr. Menten had been given a pardon by Mr. Donker in 1952 but no documentary proof was available. Mr. Donker is now dead and his son refuses to open his father's archives.

The court judgment is also in conflict with the preliminary findings of a commission set up to investigate Mr. Menten's claim that he had ben pardoned. The commission reported in July that this claim was unacceptable and pointed out that Mr. Menten had raised this issue only at a late stage in the hearings.

The nearly two years Mr. Menten spent in prison have not improved his health. He is suffering from diabetes and a nervous disorder, although his performance in court has been impressive. His confiscated possessions will be returned to him but his villa in Blaricum was badly damaged by a deliberately started fire.

NATO ministers near accord on early warning system

BY REGINALD DALE, EUROPEAN EDITOR

BRUSSELS, Dec. 5.

NATO GOVERNMENTS were tonight ready to agree on the establishment of a major new $1.8bn airborne early warning system intended to reduce the danger of a surprise attack by the Warsaw Pact. The alliance's Defence Ministers were expected to give the go-ahead to the so-called AWACS system, a cause of dissential in NATO for the past three years and more, at the end o ftheir annual winter meeting here tomorrow.

Current plans are for 16 to 18 modified Boeing 707 aircraft to start operating from a main base at Geilenkirchen in West Germany from early 1982. They will complement a fleet of 11 British Nimrods that represent the UK's contribution to the scheme.

The UK went ahead with the Nimrod force 18 months ago after continuing disagreement in the alliance over sharing out the cost of the AWACS system. Mr. Fred Mulley, the UK Defence Minister, today claimed that by providing the Nimrods Britain was bearing about one-third of the burden of the combined system.

The U.S. is to contribute about 32 per cent of the cost of the Boeing E-3A aircraft, and West Germany just over 30 per cent. The West Germans, however, have been compensated by American orders totalling nearly $200m for telephones and vehicles, the U.S. army's decision to use the 120 mm German tank gun and offers of industrial collaboration.

Subject to the final procedural arrangements being tied up overnight, the rest of the cost will be spread out among other NATO governments. A major question-mark remains, however, over the position of France.

The French do not want to be deprived of the data gathered by the AWACS aircraft, which could be crucial in an emergency. But they do not want either to give the impression that they are moving further back into the NATO fold by participating fully from the outset.

France will accordingly not be among the signatories of the agreement expected to be concluded here tomorrow. But NATO officials expect the French to reach a private accommodation with the other Governments later on.

Britain has given a commitment that it will adapt its radar stations and ground terminals to make the Nimrods entirely "inter-operable" with the Boeings. In addition to the main German base, there will also be forward operating bases, probably in Turkey and Norway.

Meanwhile, Gen. Zeiner Gundersen, Norwegian chairman of the alliance's Military Committee, today warned that the East-West balance of forces continued to move increasingly to the advantage of the Soviet Union. If the gap continued to grow, weaknesses might develop in NATO's defence posture and doubts could be cast on the credibility of the alliance's strategy, he told a press conference.

Gen. Gundersen, who had earlier reported to the Defence Ministers, singled out four areas as examples of NATO's potential weakness. These were the Soviet naval build-up, particularly of submarines, the amount and quality of the Warsaw Pact's tanks electronic warfare, and the West's vulnerability to chemical warfare.

Gen. Gundersen said he would like to see the alliance's nuclear capability improved and updated in the European theatre. He repeated that from a strictly military point of view the alliance should deploy the so-called neutron bomb in Western Europe. He stressed, however, that this was a political decision that the military would respect, whichever way it went.

Leslie Colitt adds from Berlin: The defence chiefs of the Warsaw Pact countries are meeting in East Berlin, among them the Defence Minister of rebellious Romania, which is resisting Soviet pressure to increase its defence budget and integrate its armed forces into the alliance.

This is the first high-level meeting of representatives of the Soviet Union and Romania since the Warsaw Pact summit in Moscow on November 22 and 23. Romania's President Ceausescu refused at that meeting to go along with the demand by Mr. Leonid Brezhnev, the Soviet President, that each Warsaw Pact country should increase defence spending to counter what was said to be NATO's "attempt to achieve military superiority."

FT trial run for Frankfurt edition

By Guy Hawtin

FRANKFURT, Dec. 5.

THE FINANCIAL TIMES printed its first full trial run at its European printing base in Frankfurt early this morning. The newspaper plans to start parallel publishing for the Continent and the U.S. here from January 2.

Last night 32 pages of the 36-page edition were sent by facsimile transmission from Bracken House, the Financial Times's London headquarters. The remaining four were composed and made-up in the plant of Frankfurter Societaets Druckerei, which prints the Frankfurter Allgemeine Zeitung.

Mr. M. H. Fisher, editor of the Financial Times, said here today that the Frankfurt base would serve the paper's readers in most European countries and in the U.S. It meant that readers in Germany, Switzerland, northern Italy, France, Belgium and Holland would be able to get their newspapers by breakfast-time, while, as an added bonus, the paper should be on sale in Wall Street at 8.30 am.

The Financial Times, which has a circulation of 180,000, makes some 15 per cent of its sales overseas, with the Continent as it main market outside the U.K.

Mr. Fisher said that the main reason for coming to Frankfurt was its excellent air and autobahn transport network.

Basques kill three policemen in pre-referendum bar shooting

MADRID, Dec. 5.

BASQUE separatists killed three more policemen in northern Spain today as the nation prepared to vote for the first time on a constitution written to legalise post-Franco monarchy and guarantee freedoms suppressed for the past four decades.

The three—a police chief, a police inspector and a municipal policeman—were killed as they sipped pre-lunch off-duty drinks in a bar in San Sebastian. They were in civilian clothes, recalling an attack in a bar last week when gunmen from ETA, the Basque separatist organisation, shot and killed a paramilitary Civil Guard as he drank coffee.

Police said about 12 customers were in the bar when three youths with pistols entered and shouted: "Get down on the floor." Then they fired.

Police quickly threw up road checks around the city, literally ripping pieces off cars in a hunt for the unmasked gunmen who fled after double-parking their car outside the bar.

Police immediately blamed the assassinations on ETA, which has carried out 52 killings of police, civilians and military officers this year.

The violence appeared to be a warning to Basques to stay away from the polls on Wednesday.

In the Basque capital of Bilbao, six cars belonging to the Civil Guard were reported stolen at mid-day today, raising fears of another attack by ETA members in the disguise of police.

The incidents occurred as more than 10,000 extra police guarded the Basque region bordering France and army units went on special alert to protect public and government buildings ahead of the voting.

● Constitutional referendum, Page 20

Mediator for German steel strike

BY ADRIAN DICKS

BONN, Dec. 5.

IG-METALL, the West German steel-workers' union, agreed today to the steel employers' suggestion that a mediator be called in to help resolve the combined strike and lock-out in the industry. The strike, now in its second week, is keeping a total of 80,000 men away from their jobs. No names have been mentioned, but Herr Friedhelm Farthmann, Minister of Labour in the North Rhine-Westphalia state government and a veteran of numerous industrial peace efforts, is regarded as a prime candidate for the task.

At the same time the North Rhine-Westphalia regional organiser of IG-Metall, warned that the union was sticking to its aim of progressive introduction in the steel industry of a 35-hour working week.

Strong support for this objective, which is likely to be the centrepiece of union demands in other industries this winter, came today from the Social Democratic Party (SPD). In a draft programme for next year's election campaign for the European parliament, the SPD declared itself for the long-term adoption everywhere in the Community of a 35-hour working week, as well as for longer annual holidays. It also recommended that these should be achieved through wage negotiations—as IG-Metall is attempting to do.

The draft has still to be adopted by a special SPD party conference on Europe in Cologne next weekend, at which Chancellor Helmut Schmidt and other Ministers may well tone down the demand for shorter working hours. In addition to the demand itself however, the draft shows evidence of a fresh spirit within the party's upper ranks of understanding for the unions, whose disaffection with their traditional political ally has been growing in the past few months.

A poll by the Allensbach Institute, one of Germany's leading public opinion research centres, reveals, however, that 60 per cent of working-age Germans would prefer a sixth week's holiday to a cut in the working week. Even among trade union members there was a slight preference for the sixth week.

Gaullist MP seeks to put the 'joie' back in French life

BY ROBERT MAUTHNER

PARIS, Dec. 5.

THE FRENCH are, if anything, more nostalgic about their past than the British. Gallic hearts beat faster and heads are held higher when the term "National grandeur" is mentioned. The nuclear deterrent is a constant reminder that France is still a world military power to be reckoned with and the despatch of a paratroop regiment to Zaire evokes poignant memories of a glorious imperial past.

But all this rattling of military hardware, the hum of the new industrial France, the nuclear power stations and the huge contracts with China, have tended to push into the background one of France's greatest historical assets. Where today is the *joie de vivre* of the *Belle Epoque* with its champagne dinners, naughty ladies dancing the can-can and the sumptuous pleasures of the famous *maisons closes*—the haven of jaded husbands and gay young bucks?

Where indeed, asks M. Joel Le Tac, a Gaullist MP for Paris, who has just tabled a Bill in the National Assembly proposing the resuscitation of what the reputedly puritanical English call "Houses of ill repute," which were abolished by a law of 1946.

M. Le Tac is not just one of your cranky MP's who justifies the confidence that the voters have placed in him by tabling Bills for the abolition of wine-drinking before breakfast, or the opening of a skate-board track on the Champs Elysées. He has achieved national fame through the publication of parliamentary reports on *the financial profligacy of* French television.

So his thoughts on the subject of prostitution, which is, after all, also part of the entertainment industry, must be treated with respect.

According to the honourable gentleman, the law of 1946 abolishing brothels missed its target because it gave greater priority to morality than necessity. This is a statement with which few people could find fault and might even have provoked the admiration of Descartes himself.

M. Le Tac, however, clearly sees himself as a moral philosopher as well as a logician, for he goes on to say that it is better to recognise evil and "to correct its effects by fixing limits to its extension"

Whether the ladies in question really want to be cooped up again in the plushy emporia of yesterday after their fresh air pursuits of the past 30 years is another matter. Judging by the prostitutes' revolt of 1975, which spread from Lyon to most of France's other big cities, all they want the authorities to do is to integrate them in the social security system.

Italy and Vatican close to accord

BY PAUL BETTS

Pope John Paul II

ROME, Dec. 5.

AFTER 11 years of intermittent and complex negotiations, the revision of the Concordat between the Italian State and the Roman Catholic Church appears to be nearing its solution. Sig. Giulio Andreotti, the Prime Minister, is to open tomorrow the debate in the senate on the third draft of the revision of the Church-state pact originally agreed between Pope Pius XI and Mussolini in 1929, which will profoundly alter the relationship between the Vatican and the Government.

The revised Concordat, which essentially entails the mutual independence and sovereignty of the state and the Church, is not only important for Italy, but for other predominantly Roman Catholic countries like Spain since it could set the pattern of future State-Church relations. With the election of the Polish cardinal Dinal Wojtyla as the first non-Italian Pope in four and a half centuries, the revision is now all the more significant.

In his addresses since his election last October, Pope John Paul II has insisted that the *institutional Church as such* should have no direct role in political life. This is in line with the spirit of the Second Vatican Council and follows the policy of the Pope's immediate predecessors who sought to establish the universality of the Church without "special privileges" but sufficient freedom to conduct its mission.

The election of a Polish Pope clearly represents a symbol of the universality of the Church and is inevitably changing the "special relation" the Vatican has traditionally maintained with the Italian state, especially with the Christian Democrat Party. Only two years ago, at the time of Italy's last general elections, the Church swung the full weight of the 300 Italian bishops and 428,000 parish priests behind the Christian Democrat Party.

However, the Pope, coming from a country where Church-state relations have been particularly sensitive doubtlessly attaches considerable importance to the revision of the Concordat.

While the spirit of the new pattern of state-Church relations in Italy has generally been accepted, with both parties agreeing that there should be no interference in each others' affairs, a series of specific issues is still open. It includes the status of religious organisations in the country, and the question of marriage and religious instruction in schools.

However, although laws on divorce and abortion have now been passed in Italy, the Church does not intend to relinquish its right to defend its principles. The Pope recently made this quite clear when he said the Church proposed to continue defending the Christian principles and natural ethics of the institution of matrimony. As regards religious instruction in Italian schools, the new draft gives the right to choose whether to attend or not.

But beyond specific, and at times incompatible, issues dividing Church-state relations, the significance of the current revision of the Concordat in Italy is in its possible implications elsewhere. In his now famous letter to the Polish authorities, the Pope indicated he favoured *the opening of a constructive* dialogue with Communist governments as long as they did not interfere with the activities of the Church to develop its pastoral mission.

In turn, this also has implications for Italy where the Communist Party is the largest in the West. Pope John Paul II has always been actively engaged in criticising Marxist-Leninist doctrines as being incompatible with the conceptions of the church. The Polish church as such has generally been regarded as an "opposition force" in the country. This is likely to put additional pressure on the Italian Communist Party which has attempted to enlarge its dialogue with the church, not least for electoral motives in an overwhelmingly Roman Catholic country.

It is perhaps no small coincidence that a symposium held this week in Bologna—one of Italy's traditional Communist strongholds—on the significance of the election of Pope John Paul II suggested that the new Polish Pope could represent "a destabilising element" not only in Poland but in Eastern Europe as a whole with obvious repercussions in Italy.

OVERSEAS NEWS

Fighting in Afghanistan reported

By Chris Sherwell

ISLAMABAD, Dec. 5.

CONTINUED fighting between the Afghan army and staunchly Moslem villagers is reported from Nooristan in eastern Afghanistan in what is described by eye witnesses as "all-out war."

The reports come from a French photographer who has returned here after spending ten days in the area with members of the Movement of Islamic Revolution (MIR). The MIR is a coalition of two extreme religious groups fighting the Soviet-leaning regime which came to power in a bloody coup last April.

He reported that the Afghan army is on the offensive, using helicopters as backing, and confirmed that the small border town of Kamdesh had been bombed. He also said two other villages had been razed. Villagers in the area are holding more than 200 prisoners, and say they have killed hundreds of their enemies, often in hand-to-hand combat.

The reports back up other claims made recently by MIR representatives based in Pakistan, who describe regular attacks by government troops in Nooristan and fighting in other parts of the country along the eastern border. The reports come as Mr. Nur Mohammed Taraki, the Afghan leader, is in Moscow on his first foreign visit.

● Mr. Zulfikar Ali Bhutto, Pakistan's condemned former Prime Minister, will be allowed to appear personally in front of the seven remaining judges hearing his appeal in the Supreme Court before they rise to consider their opinion. This was announced today after Mr. Bhutto had threatened to withdraw his authority from the lawyers conducting his defence.

Mr. Bhutto's move was in response to a court decision yesterday to continue proceedings in the absence of a judge who is ill. The court today confirmed its decision when it over-ruled defence objections. The defence felt that the court decision removed a potentially sympathetic voice, and argued that the case should be adjourned for four to six weeks until the judge recovered.

It is not yet known when Mr. Bhutto will appear before the court. If the defence takes two weeks to finish its final submission, as seems possible, his appearance may have to wait until the new year because of a two-week court vacation. The court urged the defence to ensure that Mr. Bhutto did not deal with matters already covered in the proceedings.

● Thousands of dock-workers who started a potentially damaging go-slow last week at the country's only port in Karachi have returned to normal working. The dispute, over wages and conditions, threatened supplies of much-needed fertiliser to the country's farmers and of cement, but did not affect offloading of crucial wheat imports.

Smith expresses optimism on Rhodesia peace talks

SALISBURY, Dec. 5.

MR. IAN SMITH, the Prime Minister, said today an all-party Rhodesian peace conference may be closer.

Mr. Smith spoke to reporters after a two-hour meeting in his Salisbury office between the British and American peace emissaries, Mr. Cledwyn Hughes and Mr. Stephen Low, the U.S. Ambassador to Zambia, and the transitional Government's four-man Supreme Executive Council.

Asked if round-table talks between the Rhodesian coalition and the Patriotic Front guerrilla alliance were any closer, Mr. Smith said: "Yes, perhaps. But I wouldn't like to measure how much nearer. I don't think we are any further away."

Mr. Hughes, sent on an African tour by Mr. James Callaghan, the British Prime Minister, to try to arrange peace talks, said this morning's meeting was useful and helpful.

"I look forward to having equally useful talks with individual members of the council later today," he said.

Mr. Hughes and Mr. Low are to meet Mr. Smith and his three black council colleagues, Bishop Abel Muzorewa, the Rev. Ndabaningi Sithole and Chief Jeremiah Chirau, in private sessions this afternoon.

Neither Bishop Muzorewa nor Chief Chirau would comment on the talks, but Mr. Sithole said: "We had very useful, open, frank discussions. The meeting was constructive."

He said the Executive Council members had told the envoys they were prepared to attend all-party talks.

But Mr. Sithole added: "Of course, you must bear in mind one thing—that the real answer to our problems is with us. The solution is in the hands of the people of Zimbabwe, despite an all-party conference."

The March 3 agreement on majority rule, which Salisbury wants to form the basis of discussions, has been rejected by the Patriotic Front. Britain and the United States are reported to want talks to take place on the basis of their settlement proposals, which have been spurned by the Salisbury leaders.

But a spokesman for the Zimbabwe United Peoples Organisation (ZUPO) of Chief Chirau said the party was optimistic. "We believe the British and Americans are realistic this time. They just insist on organising it (the conference) and getting it going. The time is now right."

Mr. Hughes and Mr. Low have so far visited Tanzania, Zambia and South Africa. Reuter.

Arab boycott warning to Egypt

BY KATHLEEN BISHTAWI

DUBAI, Dec. 5.

EGYPT wa forcefully reminded today about the implications of reneging on its commitments to the Arab boycott of Israel.

In the opening report to the 22nd session of the Arab Economic Unity Council, Dr. Fakhri Kaddouri, the Council's secretary-general, warned Egypt that if it went ahead and signed a peace treaty with Israel, then Egypt would face the same trade restrictions as those of any Western country doing business in the Arab world.

Such a treaty "would put Egypt in a very awkward position: there is a certain blockade against Israel which includes any country which has economic relations with the Israelis," he said.

In the event of any normalisation of trade relations between Egypt and Israel, Egyptian products would not be allowed to enter any Arab country unless they had a certificate proving that no part of the product had been financed, made or originated in its raw materials from Israel, the secretary pointed out.

The point has particular significance in the present negotiations, for Israel is now insisting that Egypt give up all previous commitments to its Arab allies.

The secretary-general, who is an Iraqi, also reminded Egypt that under the rules of the boycott, no petroleum should be supplied by any Arab country to Israel.

Another stipulation of the boycott was that no ship which had previously called at an Israeli port could berth in an Arab port afterwards.

Dr. Kaddouri's opening report brought an immediate response from the Egyptian delegate to the conference, Mr. Mithat Abdul Azziz, the Egyptian under-secretary of the Foreign Trade Ministry. He condemned what he termed "unwarranted interference into the internal affairs of a member State of the Arab League."

However, the other 12 nations concurred with Dr. Kaddouri's report, say conference sources. The incident, coming at the very start of the Council session, is a painful reminder of Egypt's difficult position in the Arab world.

Mr. Abdul Azziz was sent along to the conference when the Egyptian Minister, Dr. Hamad Siyeh, declined an invitation to attend.

Soviets 'back Ethiopian attack'

BY OUR OWN CORRESPONDENT

KHARTOUM, Dec. 5.

THE SOVIET UNION is playing a decisive role in the latest offensive launched by Ethiopian troops against the secessionist Eritrean forces, according to a statement issued here by the Eritrean People's Liberation Front (EPLF).

Eritrea is witnessing the fiercest fighting yet of the country's 17-year-long war, and massive assaults on EPLF-held areas led late last month to the capture of the town of Keren, the last big centre remaining in rebel hands.

The EPLF claim that the Russians are supplying the Ethiopian force of more than 500 tanks, manning the heavy artillery and using helicopters to spy behind the EPLF lines. Eye-witnesses also say they are directly participating as combat personnel.

The present Ethiopian offensive is now concentrated on two fronts. It is attempting to push North from Keren, from which the EPLF withdrew completely on November 27, and in the East, North of the Asmara Massawa road.

Both these fronts are threatening the long-established base areas and supply lines of the EPLF in Sahel province and the towns of Afabet, Nakfa, and Karora in the Northern highlands.

Keren is the biggest and strategically the most important town ever captured by any of the guerrilla movements since the armed struggle started in September 1961. It sits at the entrance to the Eastern and Western lowlands and is remembered as the scene of heavy fighting between the Italians and the British during the Second World War.

The Russian and Cuban presence in Ethiopia and the Red Sea territory of Eritrea has escalated since March 1975 when the last American and Israeli advisers were ousted by the Dergue, the ruling military junta in Ethiopia.

Until the Dergue publicly espoused Marxism-Leninism in 1975 after taking power from the Emperor, the Soviet Union spoke out harshly against Ethiopia's plans for Eritrea. Now they have changed their tune and the EPLF claim that the face of the war has completely changed as a result.

"It is no more the Dergue fighting, it is the Soviet Union," the assistant General Secretary of the EPLF said as they were completing their withdrawal from Keren.

Shots in Iran's gathering darkness

By Andrew Whitley

TEHRAN, Dec. 5.

ONE OF THE better of the crop of black jokes produced by the Iranian crisis has the Shah's religious adversary, Ayatullah Khomeini, holding court at his suburban house in Paris, and being asked by a Western reporter, after his interview was over, whether he would like a game of cards. "Certainly," replies the 78-year-old venerable, "so long as all the Kings are removed from the pack, and the Queens are veiled."

You choose who you repeat that joke to these days: many "close Muslims" have been coming out into the open. The few Iranians who still openly defend the Shah are very touchy indeed.

None the less, there are many women on the streets these days unaccustomedly clutching a Chador, the full-length tent-like veil, around themselves, their Parisian evening gowns showing through. Most foreign women, when they venture out, prudently don head scarves.

Tehran Radio, now being run almost entirely by military technicians and staff, accused the opposition of playing tape-recordings of machine-gun fire and screams over loudspeakers.

With morning comes the reality of another difficult day, and no immediate end in sight to the turmoil. This once exuberant, self-important city of nearly 5m—the West's Eldorado of the mid-1970s—has been reduced to frustration and misery, in which everyone waits helplessly, and queues form for available supplies.

The cold north Iran winter is coming on fast, lengthening the queues forming outside the small shops of the kerosene sellers. For the ordinary man, the threat of being without fuel is serious. Of equal concern is the spiral in prices of basic commodities, especially because of the prolonged closures of the bazaars.

There are three-hour waits at filling stations in this, the world's second largest oil exporter.

Since Friday night, when the mourning month of Moharram began, Tehran's 60,000 odd foreigners have taken refuge in their houses after the nine o'clock curfew, as often as not in darkness because of the nightly power cuts. Around them, the cries of "Allah Akbar," "God is great," gather strength.

Even when there are no black-outs, there is little to do but sit and listen to the exhortations from the local mosque amplified through loudspeakers.

On the streets bursts of automatic fire continue half the night, dying away in the early hours of the morning. From some areas the menacing rumble of tanks is heard, but by daybreak and the lifting of the curfew they have gone.

The nightly chorus has been losing strength since the weekend, and fear has turned to farce at times, as a solitary plaintive voice calls on his comrades for support.

The past two months' almost total paralysis of administration has had a cataclysmic effect on private business activity. Idle office girls peering out of upper windows to jeer the troops and watch the latest street skirmish down below run the risk of a warning volley of bullets in their direction.

For a society that in recent years has esteemed wealth as the symbol of success, the hardest blow of all has been the closure of many of those banks still functioning after the whirlwind of destruction a month ago, when 400 branches were lost. Strikes, in sympathy with other political stoppages: the virtual shutting down of the Central Bank of Iran for the past 10 days: and, in some cases the sheer lack of documents and banknotes have closed the doors of most banks.

At any one time, up to a hundred people can be seen waiting outside on the pavement for their turn at those branches which are still open. The inter-bank market is almost non-existent, and cheques are rarely acceptable in Iran, even to buy an airline ticket or pay an electricity bill. So, by now, Tehran's usual free-spenders have become a population of borrowers, from those either more traditional-minded not to trust the banks, or else with fatter wallets.

Everyone is waiting for the crisis to somehow resolve itself. Few people can see a way out that can leave the Shah's present position untouched. The exodus of foreign families is speeding up as the reality of the month of Moharram lives up to the grim predictions made about it: and as its peak, Ashura, next Monday, approaches.

There have been very few direct attacks on foreigners, but latent xenophobia has been given free rein. Iranians and foreigners alike, though, are tense and bewildered. American midwest engineers and Birmingham housewives, who came to Iran because it was "the island of stability in a turbulent region" are now packing the planes out going westwards. Many will not be returning.

Suddenly the leaves have started falling from the tall trees lining Tehran's north-south artery, Pahlavi Avenue. Instead of skiing at the Dizin or Shemshak resorts in the mountains behind Tehran the talk is of how to evade the rigorous new foreign exchange controls.

Smart businessmen's restaurants have taken down their nameboards, to avoid being a target during the next feared rampage. In poorer areas, black flags of mourning line the streets. One isolated flag, in the heart of the modern city centre, hangs above an old shoemender sitting on the pavement. Stuck in the city's eternal traffic jams —one aspect of life that has not changed — uncomprehending middle class faces stare at this man's symbol of protest.

SOUTHERN AFRICA

Putting Namibia on the right track

BY JOHN STEWART IN CAPE TOWN

TALK OF a $1bn scheme to build a railway across the Kalahari desert has given the lie to much of the economic nervousness felt in Windhoek at the prospect of Namibia's independence.

The jitters are nonetheless there despite the confidence and enthusiasm with which many white South West Africans went to the polls this week in the territory's first all-race elections.

Windhoek banks say they have become warehouses for money ready to fly at a moment's notice, and although the level of deposits has not actually declined in the past 18 months, it is virtually impossible for borrowers to obtain more than 12 months' money.

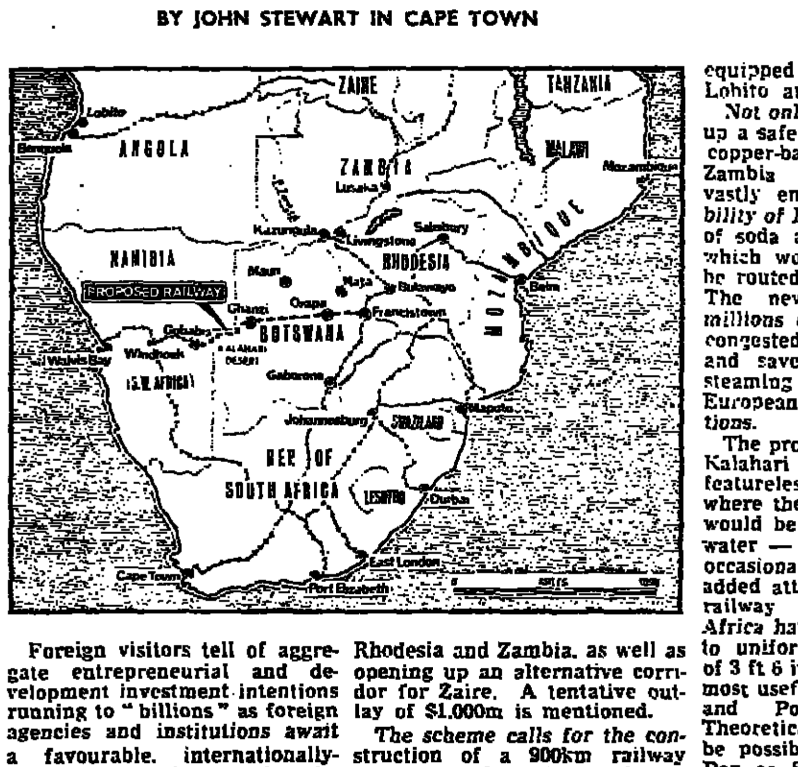
Because Namibia is in the Rand monetary area capital flows are not registered. Nevertheless, bankers estimate more than R150m in non-corporate funds has left the territory in the past 18 months.

Whether this money has left for good, or whether it has merely sailed over the horizon until political certainty returns to the country remains to be seen.

Economic activity at secondary and tertiary levels has gone into a state of suspension: there is no new private fixed investment and inventory levels are kept to a minimum.

In sharp contrast diamond and uranium mining has lost none of its momentum. Last year De Beers consolidated diamond mines extracted 2m carats and achieved gross export earnings of more than R200m. Twice weekly a UTA DC-8 cargo plane airlifts several hundreds of tons of uranium oxide from Windhoek airport to Paris as Yellowcake production from Rio Tinto Zinc's Rossing Mine improves from last year's 3,000 tonnes closer to projected peak output of 5,000 tonnes a year at an estimated price of U.S.$20-25 a pound. Last year the mine had gross earnings of $173m.

The potential mineral wealth of the territory is well documented but an empirical corner to corner geological survey would require about $40m. Windhoek in recent months has hosted literally dozens of merchant bankers, development economists, mining engineers, geologists, foreign investors and, inevitably, a few international hustlers and self-appointed "advisors" keen to promote the search for untapped wealth.



Foreign visitors tell of aggregate entrepreneurial and development investment intentions running to "billions" as foreign agencies and institutions await a favourable, internationally-recognised settlement in the territory. By all accounts West Germany heads the would-be investment league with a reported $750m earmarked for employment.

In addition, Windhoek businessmen have been told that the Bonn Government would welcome development opportunities to employ part of a reported DM 50,000m accumulated in its Bank for Reconstruction (Kreditanstalt fur Wiederaufbau).

Although many investment and development projects are no more than calculations on the backs of envelopes at this stage, at least one project is something more than a vision.

An Anglo-South African consortium of consulting groups, comprising civil engineers, geologists, development economists and railway construction engineers is conducting a self-financed feasibility study to open up a new rail route to the Atlantic seaboard for the land-locked economies of Botswana, Rhodesia and Zambia, as well as opening up an alternative corridor for Zaire. A tentative outlay of $1,000m is mentioned.

The scheme calls for the construction of a 900km railway line across the Kalahari desert, connecting the railhead at Gobabis in eastern Namibia with Francistown in northern Botswana, where the South Africa-Botswana-Rhodesia line nears the Rhodesian frontier.

According to preliminary studies, the most likely route the line would follow would be from Gobabis to Ghanzi (a major stock-farming area), taking a course well south of Maun to Orapa (a mining centre) and from there to Francistown. This route would take the line through vast proven deposits of coal and soda ash where Shell Coal Pty has invested more than R3m on exploration.

At the same time, the consortium will study the feasibility of building a line from Orapa to Livingstone in southern Zambia, via Nata and Kazangula where a bridge would have to be built across the Zambesi. It would therefore be possible for Rhodesia, Zambia, Zaire and Botswana to ship goods through Walvis bay, the safest and best equipped harbour between Lobito and Cape Town.

Not only would the route open up a safe and fast outlet for the copper-based economies of Zambia and Zaire, it would vastly enhance the export viability of Botswana's vast deposits of soda ash and low-grade coal which would otherwise have to be routed through South Africa. The new line would divert millions of tons of traffic from congested Indian Ocean ports and save three to four days' steaming round the Cape to European and American destinations.

The proposed route of a Trans-Kalahari line is across flat featureless semi-desert country where the biggest threat to man would be a possible shortage of water — and perhaps the occasional pride of lions. An added attraction is that existing railway systems of Southern Africa have all been constructed to uniform gauge specifications of 3 ft 6 ins—some say the single most useful legacy of the British and Portuguese colonialists. Theoretically therefore, it would be possible to rail goods from Dar es Salaam to Walvis Bay without changing trucks.

The trans-Kalahari railway consortium, which comprises the British groups Maxwell Stamp and Associates, the P-E Consulting Group, Mott Hay and Anderson, Henderson Hughes and Busby and the South African consulting geologists Partridge De Villiers and Associates, hopes to enlist the aid of international development agencies and, possibly, western governments to sell the project to the five governments involved — Namibia, Botswana, Rhodesia, Zambia and Zaire.

Apart from the obvious usefulness of the proposed scheme for the tangled economies and interlocking transport systems of countries in southern Africa, the sponsoring consortium expects the marketability of the project to be enhanced by its potential for political unity and regional economic development.

Although the new line would reduce the dependence of the five countries on South African ports in times of upheaval and congestion, the Pretoria government could nevertheless make an important contribution to transport detente in the sub-continent by removing obstacles to early incorporation of Walvis Bay in an independent Namibian state.

A bomb exploded yesterday at a Windhoek petrol depot as voting continued in the controversial election called by South Africa in Namibia, Reuter reports. The blast, the third in Windhoek since Saturday, caused no casualties and little damage according to officials of Shell Oil Company, which jointly operates the depot with British Petroleum in a northern industrial area.

AMERICAN NEWS

Herrera begins assembling his government team

BY JOSEPH MANN

CARACAS, Dec. 5.

SENATOR Luis Herrera Campins, the Christian Democrat who was proclaimed President-elect of Venezuela yesterday by his most important political adversaries, today began assembling a team to help him govern when he assumes the Presidency on March 12.

Although official vote counts are still going on, Sr. Herrera clearly emerged as the winner among 10 presidential candidates in Sunday's national elections. Venezuela's open elections, carried out with few problems, reprsented a rare exercise in democracy in a part of the world dominated by military governments.

His victory dealt a series blow to President Carlos Andres Perez's Administration, the wealthiest in Venezuela's history, and to the Accion Democratica Party (AD), which President Perez was supporting. AD had won three of the four previous presidential races, and traditionally ranked as the largest and most powerful political force in the country. The Government party's candidate, Sr Luis Piñuera Ordaz, was backed not only by a multi-million dollar campaign financed by his own party, but also by the power, purse and influence of the present Government.

Sr. Herrerar's Social Christian Copei Party, (known as Christian Democrats in other countries), the second - largest political group in Venezuela, captured the Presidency by a slim margin in 1968, but only because AD suffered a serious internal division which drew votes away from its candidate. This time, however, the Christian Democrats won the five-year presidential term by what now appears to be a substantial margin. Although AD has not yet formally proclaimed Sr. Herrera the winner, a statement is expected from the party and the Government.

In the last three Presidential elections, held every five years, Venezuelans have voted out the party in power. The case of President Perez was especially striking, however, since his Government has initiated the most ambitious industrial and agricultural programme ever, and has spent lavishly in trying to appeal to voters just before elections.

None the less, voters on Sunday turned away from the official party candidate, most likely because of consistently poor public services in the large cities and because the Government has been unable to resolve many other obvious social problems despite spending that has no parallel in Latin America. During the long, costly, Presidential campaign, Sr. Herrera hammered away at the Government and his chief rival, Sr. Pinerua, for representing a party which has wildly mismanaged Venezuela's petroleum wealth and which has tolerated widespread Government corruption. Despite the President's oft-repeated promise to jail anyone—including his own Ministers—who might be involved in malfeasance, no charges of corruption have yet resulted in serious punishment to Government officials.

Only this week, however, the President ordered charges to be brought against a local magazine editor under a law prohibiting disrespectful statements about the chief executive. The editor of the news magazine Resumen, Sr. Jorge Olavarria, said in this week's issue that President Perez should be charged in court for illegal enrichment during his own administration.

Miller predicts 'minor miracle' in slowing down U.S. inflation

BY JOHN WYLES

NEW YORK, Dec. 5.

MR. WILLIAM MILLER, the Federal Reserve Board chairman, confidently predicted here today the achievement of a "minor miracle" in slowing the rate of U.S. inflation without an economic recession.

Speaking first at a breakfast meeting and then to journalists, Mr. Miller appeared anxious to counter the recession talk with which Wall Street appears obsessed.

Part of the reason for this consuming interest is the general lack of agreement among economists about the 12-month outlook. One highly vocal school argues that short-term interest rates are already high enough virtually to ensure a no-growth period, while another group sees nothing more dire than a fall in the rate of economic growth to between 2 and 3 per cent.

The Central Bank chairman said he saw nothing in the economy to offer "a basic reason" for a recession, but warned that "we could scare ourselves into a recession" by continued gloomy forecasts. He concluded, however, that "it will indeed be a minor miracle" if the Government could steer the economy into a "soft landing," without creating a recession. "But we are going to pull it off," he added confidently.

Among Fed watchers, Mr. Miller's comments will be seen as emphasising the present common approach by the Central Bank and the Administration. Both have accepted the need for the Fed to have pushed interest rates up to their curent levels and perhaps higher, in the interests of depending the dollar and of curbing monetary growth and potential inflation. Both, however, are anxious to avoid removing all prospect of further economic growth next year.

Bue much will depend on the success of the Government's pay and prices guidelines in slowing the inflation rate. If next year's major pay settlements conform with the guidelines, important symbolic and real victories will have been scored. But if by mid-summer oil and gas workers and truck drivers have won pay deals well in excess of the guidelines, the Administration may be forced into tougher fiscal policies to attack inflation and avoid further pressure on the dollar.

Supreme Court will not consider securities case

BY JOHN WYLES

NEW YORK, Dec. 5.

THE Supreme Court has refused to consider overturning a lower court ruling regarded by the U.S. Securities industry as jeopardising working relationships between stock brokers and independent investment advisers.

Blyth Eastman Dillon, a subsidiary of Ina Corporation, had appealed against a decision which held it liable for the decline of an investor's portfolio through trades recommended by an outside adviser who had been granted discretionary authority over the account.

This ruling sparked so much concern among securities firms that the New York Stock Exchange, the Securities Industry Association and Merrill Lynch Pierce Fenner and Smith had all filed "amicus curiae" briefs with the Supreme Court, supporting Blyth.

The case stemmed from a suit brought against Blyth by Dr. David Rolf, an Ohio ophthalmologist, who claimed that his portfolio-designed as a retirement "nest egg" had plummeted in value from $1.4m to $225,000 between May 1969 and the end of 1970. On the recommendation of Mr. Michael Stott, a Blyth salesman, Dr. Rolf authorised Mr. Akiyoshi Yamada, an independent portfolio manager, to trade for his account.

Mr. Yamada subsequently was sent to prison in 1973 for two years and fined for manipulating the stock of Health Evaluation Systems, one of the equities he purchased for Dr. Rolf. Blyth argued that Mr. Stott did not know that Mr. Yamada was perpetrating fraud and stock manipulation.

Argentina, Brazil in trade talks

BRASILIA, Dec. 5.

SR. MARIO HENRIQUE SIMONSEN, Brazil's Finance Minister, has predicted that trade between his country and Argentina could "be doubled within two years."

Sr. Simonsen said the current level of trade between the two countries—about $800m—was small in proportion to its potential which meant that the rapid increase he projected was "within the range of possibility."

On Monday, Sr. Simonsen met Sr. Martinez de Hoz, his Argentinian counterpart, to discuss the expansion of trade between the two countries. The meeting came as diplomats from the two countries, meeting in Uruguay, were expected to continue efforts to break a political impasse over making compatible the Corpus and Itaipu dams on the Parana River.

AP-DJ

CARICOM'S FUTURE

Saved by the IMF

BY DAVID RENWICK IN PORT OF SPAIN

INTERNATIONAL Monetary Fund (IMF) assistance to the battered economies of Jamaica and Guyana may have arrived just in time to snatch the Caribbean Community (Caricom) integration movement back from the brink of collapse.

Thanks to the $240m, three-year IMF loan to Jamaica and the $18.35m in stand-by credits and compensatory financing for Guyana, both territories have announced relaxations in the curbs placed on regional goods, the cause of so much ill-will and bitterness within Caricon in the last two years.

Jamaica has raised its import quota for Caricom goods to Ja $71m (£20.29m) for the year, some 100 per cent more than the 1977 figure.

Guyana has announced an increased limit of Guy $64m (£11.96m) with special attention being given to imports from Caricom's less-developed smaller territories, which need the income most.

The re-opening of the two important regional markets of Jamaica and Guyana to exports from the other 10 member territories has forestalled any decision by the Trinidad and Tobago Government to impose its own trading barriers in retaliation, a course of action urged on it with increasing stridency by local manufacturers.

Such a move would have spelt the effective end of Caricom, which derives its basic strength and purpose from free trade in goods and services.

But a more optimistic mood now prevails, and last month Caricom's governing body, the Council of Ministers, met in Georgetown to consider a list of about 50 key products in which it is believed trade can be restored rapidly to at least the 1975 level.

It included such items as garments, processed food, sugar, rice, fruit juices, cement appliances, fertilisers, cosmetics, insecticides, drugs, cigarettes and even artificial flowers.

Special attention was paid to financing resumed trade in these goods by means of the Caricom multilateral clearing facility, an $80m credit system established two years ago by the central banks and monetary authorities of the region but apparently never fully utilised.

The arrangement allows regional partners to run up credit with one another to predetermined levels without the burden of finding the foreign exchange to settle bills immediately, since the credits can be rolled over almost indefinitely. Amounts above the limits, however, have to be paid off within six months.

IMF help to Guyana and Jamaica has allowed the two countrie to re-establish full trade links with the other ten members of Caricom.

The facility has been administered since its inception by the Central Bank of Trinidad and Tobago, with that country's strong foreign reserve position (TT$ 4bn, £795m) in effect underwriting the trading debts of fellow Caricom members.

Quotas assigned to each Caricom member or group of members under the clearing arrangements are: Jamaica $18m, Guyana $18m, Associated States and Montserrat $16m, Barbados $11m, Belize $11m and Trinidad and Tobago $6m.

With the restoration of Caricom trade to previous levels now being actively pursued, the responsibility falls to the Secretariat in Georgetown to build on the goodwill thus created and attempt to revive regional collaboration on as broad a front as possible.

A prerequisite in this endeavour is the appointment of a new, full-time Secretary-General to replace Mr. Alister McIntyre, who quit a year ago for a United Nations job in Geneva.

Caricom governments have now selected Dr. Kurleigh King, a Barbadian national formerly head of the industry division of the Caribbean Development Bank, for the job and he has taken up duties in Georgetown.

One area of weakness to which he will have to direct his attention is the apparent breakdown of the industry allocation scheme among the seven members of Caricom's LDC (less-developed country) group.

This was designed to encourage the growth of a light manufacturing base in the LDCs by forbidding competition within a list of about 50 different goods.

The factories to produce each product, including such items as shoes, perfumes, clayblocks, margarine, paper bags, biscuits and the assembly of beach buggies, were assigned to specific member territories and no other LDC was supposed to establish a similar plant for five years.

But at least two breaches of the agreement have taken place recently, with Dominica going into paint production (awarded to Antigua), and St. Lucia and Grenada both establishing flour mills (allocated to St. Vincent).

Mr. Austin Bramble, Montserrat's Chief Minister, a staunch defender of the interests of smaller Caricom states, has warned his colleagues that the ignoring of special arrangements in this way could do almost as much harm as the earlier restrictions on free trade itself.

"It is certainly not wise," he noted recently, "to interfere in a principle which was developed to facilitate industrial development in the LDCs, simply for individual members to realise short-term benefits."

U.S. COMPANY NEWS

Good second quarter for Heinz; exchange losses hit Deere earnings; NLT makes $284m bid for Great Southern

—Page 28

WORLD TRADE NEWS

Tokyo agrees major rises in U.S. beef, citrus imports

BY DAVID BUCHAN

WASHINGTON, Dec. 5.

PROSPECTS FOR a successful conclusion of the Geneva Multilateral Trade Negotiations (MTN) brightened today, U.S. officials said, now that Japan and the U.S. have resolved their long standing agricultural trade dispute. According to an agreement reached in Tokyo earlier today, Japan has agreed to big increases in its citrus and beef import quotas over the next five years and to cut tariffs on a range of other farm products which are exported by the U.S.

U.S. exports covered by the new agreement, which will form part of the overall MTN trade package, accounted for $1.4bn in 1976, or a little over a third of all U.S. farm exports to Japan. Although the Japanese concessions cover some 150 items, it was the beef and citrus quotas that the U.S. Administration considered politically most important. It argued that Japanese consumption of both products was unreasonably low, while the U.S. had plenty of both to sell.

In particular, the Administration feels that the Japanese move to more than double citrus quotas by 1983 will win for the impending overall trade agreement key political support from Congressmen and Senators representing the citrus growing states of Florida, California, Texas and Arizona.

This is despite the fact that the U.S. has apparently failed to get Japan to commit itself to a future lifting of the citrus and beef quota altogether. U.S. officials say the intend to take this matter up with Tokyo in 1983. They hope that by the following year the citrus quota might be removed in its entirety, and that on beef shortly after.

The basis of the new agreement was negotiated by Mr. Robert Strauss, the U.S. Special Trade Negotiator, with the Fukuda Government, and has now been approved by the incoming Japanese Prime Minister, Mr. Masayoshi Ohira.

The U.S. and Japan are understood to be "pretty close" to agreement on tariff cuts on industrial products, but the U.S. is still pressing Japan for agreement on a number of new trade codes which it has proposed. In particular, it is urging Japan to change its Government procurement policies which, it is felt here, unreasonably restrict imports.

● In Tokyo Mr. Ichiro Nagakawa, Japan's Agriculture Minister, said that today's agreement contained no understanding on full liberalisation of either citrus or beef imports.

Rebuff for Soviet Union on Jackson-Vanik law

BY DAVID SATTER

MOSCOW, Dec. 5.

MR. MICHAEL BLUMENTHAL, the U.S. Treasury Secretary, and Mrs. Juanita Kreps, the U.S. Commerce Secretary, today affirmed that the Carter Administration has no immediate plans to push for the repeal of the Jackson-Vanik Amendment which ties liberalised U.S.-Soviet trade to freer Soviet Jewish emigration.

Mrs. Kreps told a press conference, however, that progress in overall U.S.-Soviet relations, such as have taken place in the last few months, was the best possible basis for convincing the American people that a change in the U.S. legislation is appropriate.

She said that the U.S. views with "appreciation" the recent increase in Soviet-Jewish emigration, now approaching 4,000 emigrants a month, and said this and a successful conclusion of a new Strategic Arms Limitation Treaty would help persuade the Carter Administration to co-operate with Congress in the changing the law.

Mr. Blumenthal said the Carter Administration recognises the Jackson-Vanik Amendment has an important impact on U.S.-Soviet trade volume, and its status must be reviewed in the light of developments, but said there is no "time-table" for repealing the amendment and no deadline for repeal had ever been mentioned.

Mrs. Kreps and Mr. Blumenthal are in Moscow for the seventh annual meeting of the USSR Trade and Economic Council, which is also being attended by 400 top U.S. business executives. The two U.S. officials appeared at the first conference with Mr. Mikhail Kuzmin, the Deputy Soviet Foreign Trade Minister.

Mr. Kuzmin in his remarks said that the Soviets believe that the volume of U.S.-Soviet trade does not remotely correspond with the possibilities for bilateral trade, and stressed that trade must be based on "mutual benefits and complete equality."

Mr. Blumenthal said the U.S. would take a number of steps, short of repealing Jackson-Vanick, aimed at improving U.S.-Soviet trade relations. These were speedier handling of licence applications for U.S. exports to the USSR, making information of the Soviet economy more readily available to U.S. businessmen, and developing 28 projects in a variety of areas, including oil and gas development, suggested as possibilities for co-operation by the Soviets.

The projects have a potential value of between $10bn and $15bn. No further details were available however.

Italian trade recovery

BY PAUL BETTS

ROME, Dec. 5.

THE IMPRESSIVE recovery of Italy's terms of trade has been confirmed by the publication of official statistics, showing that in the first ten months of this year the country's trade deficit was cut back from L2,409bn during the same period last year to barely L39bn. In October, there was a surplus of some L235bn and the authorities are now confident that the overall trade balance will break even this year.

This marked improvement is in part the consequence of the loss of momentum of the economy, with the slump in industrial output translated in a mere 6 per cent rise in imports during the first ten months of this year. The decline of the dollar has also helped.

By steering the lira on a managed downward float, the monetary authorities have taken full advantage of depreciating the currency against the other European Community countries, Italy's major trading partners and major export competitors together with Japan in the third world. In so doing, and despite rising labour costs, Italian exports have retained their competitivity. At the same time, by not allowing the lira to depreciate at the same rate as the dollar, imports of key raw materials have become cheaper.

The fall of the dollar is one of the reasons for the increase in Italy's export performance which in the first ten months rose by 14 per cent.

Woodworking exports rise

BY JAMES McDONALD

THE BRITISH woodworking industry's exports this year are expected to reach a record level of £46.9m, according to a forecast by the British Woodworking Federation. This would be £1.1m more than the value of exports last year and would compare with £4.8m worth of shipments in 1974.

But the federation also reports a sharp rise in woodwork imports, forecasting a total for 1978 of £33.4m—40 per cent more than in 1977. For kitchen furniture and doors, the import forecasts are higher than for exports.

Kitchen furniture imports, for example, are expected to total £22m this year, compared with £13m in 1977, while exports, at £8.75m compare with a value of £7.3m last year. For doors, the import forecast is £7.6m, as against exports of £6.1m.

By contrast, British prefabricated wood buildings exports this year are expected to amount to £23m in value: imports are forecast to total about £2m for the year.

The federation says that the turnover for the British woodworking industry in 1978 should total £520m, as against £463m last year.

Swedish pulp makers hit by dollar

By John Lloyd

DEMAND FOR Swedish pulp and paper has continued to improve — but the deterioration in the dollar in relation to the krone will mean that profitability in the industry over 1978 will remain "unsatisfactory."

During the third quarter of this year, exports of paper and board rose by 12 per cent, and those of pulp by 7 per cent, compared with the same period in 1977.

Exports of paper and board for 1978 are expected to reach around 4.2m tons, surpassing the deliveries of previous years.

Over the first nine months of the year, production of paper and board increased by 10.1 per cent over the same period in 1977. In the same period, exports rose by 15.1 per cent.

£30m order from Kuwait

BIWATER SHELLABEAR has announced that it and its Kuwaiti associates, Bader Al Kherafi, have been awarded two contracts by the Kuwait Ministry of Electricity and Water.

The contracts, whose total value exceeds £30m, are for building seven covered reinforced concrete reservoirs to store drinking water near Kuwait.

Shellabear Price Contractors, a division of Biwater Shellabear, have considerable experience in this field, and their managerial and technical skills will be complemented by the strong local knowledge provided by their Kuwaiti associates.

Plessey in £9m deal

PLESSEY has won a £9m contract to supply a radar and flight data processing system to the Austrian flight information region under a contract signed with the Austrian Federal Office for Civil Aviation. The equipment will be installed in a new air traffic control centre to be built in Vienna, which will have a total of 36 computers. Elin-Union of Austria will be the main domestic subcontractor.

Road equipment

Two orders for sophisticated, mobile roadmaking equipment totalling £1.25m have been won by Frederick Parker of Leicester from two different East European state-owned civil engineering and construction enterprises in Poland and Romania.

Air lease plan

Philippine Airlines is arranging to lease three Boeing 747's in a $200m leasing package arranged by Lazard Freres et Cie, Philippine Airlines chairman Roman Cruz said. He added that the airline will benefit from reduced cash flow while the unnamed U.S. investors will benefit from investment tax credits and accelerating depreciation.

Reuter

Impo Expo

Britain's second London Impo Expo seminar and exhibition is to be staged during July next year. More than 50 developing countries, in all parts of the world, are being invited to take part in three weeks of lectures, discussions, exhibiting and follow-up marketing. The theme will be How to sell to the Common Market.

Further Harrier sale talks during visit by Chinese Minister

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

FURTHER TALKS on the possibility of the UK selling Harrier jump-jet fighters to China will be held during a visit to the UK beginning tomorrow by Mr. Lu Tung, the Chinese Minister responsible for aviation.

Mr. Lu Tung will be accompanied by Mr. Tuan Tzu-chun, his deputy minister, and a team of 23 advisers and experts. They will stay in the UK until December 20, visiting virtually every major UK aerospace company and several major research establishments.

Their programme will cover British Aerospace, Rolls-Royce, Marconi Avionics, Redifon Flight Simulation, EMI Electronics, and the Royal Aircraft Establishment, the National Gas Turbine Establishment and the Cranfield Institute of Technology.

Mr. Lu Tung's visit follows the recent visit to the UK by Mr. Wang Chen, the Chinese Vice-Premier, and the visit to China in August by Mr. Edmund Dell when he was Secretary for Trade.

It is understood that the Chinese are prepared to buy up to 100 aircraft, worth close to £1bn, including spares and long-term support, provided the UK is prepared to sell.

But the UK aerospace industry is interested in selling a wide range of other products to China in future years, including aircraft such as the Type 146 feeder-liner, perhaps the European Airbus, and engines for ground pipeline pumping and other duties.

Warning on textile quotas

WASHINGTON, Dec. 5.

THE U.S. would be willing to unilaterally impose restraints on textile imports from China if the current unofficial discussions with Chinese representatives fail to produce a bilateral agreement on allowable levels of imports, a U.S. Trade Official said today.

The official said the U.S. has been engaged in talks with representatives of the Chinese liaison mission for several months and he hoped a decision could be concluded by the end of the year.

The U.S. Government was committed to the domestic textile and apparel industry to ensure that "we will not have large quantities of unregulated imports" of textiles and apparel.

Reuter

Japanese consortia to bid for $1bn Libyan steel project

BY CHARLES SMITH

TOKYO, Dec. 5.

TWO JAPANESE consortia are expected to tender later this month for the supply of at least Y200bn ($1bn) worth of steel plant to Libya.

The tenders have been called for by the Misratah Steel Mill Construction Corporation, a Government agency which is planning to erect a 1m-ton-per-year direct reduction steel works at Misratah 150km east of Tripoli.

The first of the two Japanese consortia is headed by two major trading companies, Mitsui and Company and Marubeni Corporation, and includes a number of steel manufacturers and heavy machinery makers (such as Kobe Steel, Nippon Kokan, Kawasaki Heavy Industries and Ishikawajima Harima Heavy Industries).

The second group, headed by C. Itoh and Company (another major trading concern) includes Mitsubishi Heavy Industries and Hitachi.

The value of the tender submitted by the first group is expected to amount to approximately Y200bn. The second group has yet to release a figure for its tender.

It is understood that a partial overlap exists between the equipment being offered by the two groups. The value of the Misratah project as a whole is estimated at between Y300bn and Y400bn which would appear to indicate that neither Japanese tender will cover the entire scheme.

Besides being in partial competition with each other the two Japanese tendering groups face competition from West Germany and Austria. The first of the two (that headed by Mitsui and Marubeni) is itself a merger of two originally separate groups which tendered independently for portions of the Misratah project last spring. The tender to be submitted later this month replaces the earlier separate tenders.

Optimism on UK exports

BY ROY HODSON

THE PROSPECT of new business with China is bolstering the British Steel Corporation's hopes of improving its steel export performance next year to above the 3m tonnes-a-year level in spite of depressed sales in many of its traditional markets.

Following contacts with China by Sir Charles Villiers, the chairman, and teams of salesmen and technical representatives, the Corporation believes solid business should be forthcoming during 1979.

British Steel has managed to carve out new foreign steel markets this year in spite of the recession and restrictions in the U.S. market. The Corporation's total export sales for 1978 are expected to be almost 3m tonnes—a small but useful improvement upon the previous year.

Additional sales in Asian and Far Eastern markets have enabled the Corporation to raise its exports in 1978. The new business has more than offset falling sales in the U.S. market.

But the new barriers imposed by the U.S. trigger price mechanism for limiting steel imports are having a big impact upon British Steel's U.S. exports. Traditionally the Corporation has exported up to 1m tonnes a year into the U.S. market.

Rolls-Royce and Kawasaki sign agreement

By John Lloyd

ROLLS-ROYCE and the Japanese company Kawasaki have signed an agreement to jointly market in Japan and Asia a compact gas turbine power generating plant developed by Rolls Royce.

Kawasaki will manufacture the plants, the SK-30 and the SK-60, while Rolls-Royce will supply the engines. A similar agreement is already in operation between the two companies for the SK-20 and Marine Olympus plants.

No royalties will be paid by Kawasaki.

Airport switch dispute talks may restart

By Michael Donne, Aerospace Correspondent

THE TRADE Department is hoping for an early resumption of talks with the Spanish Government on the possibility of Iberia Airlines transferring its flights from Heathrow to Gatwick Airport.

It has been encouraged in this by last week's Spanish decision to restore flights through Madrid by British Caledonian on its South American route, which had been suspended by the Spanish Government.

British Caledonian said yesterday it would resume flights through Madrid tomorrow. The six-week suspension had cost £75,000 in lost revenue.

The airline said: "We are delighted, but we are still a little concerned that our rights can be used as a shuttlecock in an inter-governmental game.

"We will now be looking for reconfirmation of the landing rights on a permanent basis."

The difficulties between the UK and Spain started earlier this year, when the UK, after long but unsuccessful negotiations, directed Iberia and the Portuguese airline, TAP, to move their flights to Gatwick by April 1, to ease congestion at Heathrow.

Intention

Both Iberia and TAP refused to move, and won a UK High Court declaration that the department's efforts to force them to move were illegal.

Subsequently, the department indicated that it would not adhere to the April 1 deadline although it remains firm in its intention to get more airlines to transfer to Gatwick, including Iberia and TAP.

The department now hopes to achieve its ends by persuasion, and Mr. Stanley Clinton Davis, Parliamentary Under Secretary for Aviation, recently invited the Spanish and Portuguese governments to the UK for talks.

● Braniff, the U.S. airline, which flies between Dallas/Fort Worth and Gatwick, is likely to become a major transatlantic operator as a result of new route awards. The U.S. Government has given it permission to fly non-stop between Dallas/Fort Worth in Texas, and from Boston, into Amsterdam, Brussels and Paris.

Mr. Harding L. Lawrence, chairman, said he hoped the U.S. Government would also soon approve Braniff's other new route applications, for flights from Boston to Gatwick, and from Dallas/Fort Worth and Boston to Frankfurt.

Braniff is expected to start subsonic Concorde flights between Dallas/Fort Worth and Washington, linking with British Airways' supersonic transatlantic flights from Washington to London.

BNOC confirms potential of North Sea discovery

BY KEVIN DONE, ENERGY CORRESPONDENT

THE BRITISH National Oil Corporation has confirmed the potential of its first North Sea discovery made earlier this year.

The first appraisal well drilled on the find in block 30/17 b has been plugged and abandoned after successful tests.

The State oil company said yesterday that the well had flowed 5,843 barrels of oil a day. The discovery well completed in June flowed 4,975 barrels a day, the results were encouraging, and further appraisal was being planned.

The rig, Atlantic II, which drilled the appraisal well, is being moved to another Fifth Round block—9/14 d—where the corporation is the operator for a consortium including the Hamilton Brothers group.

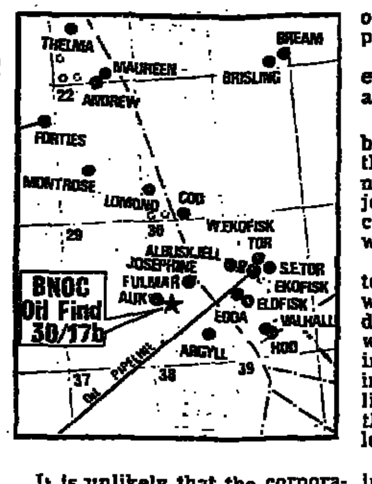
It is also the operator for the discovery block 30/17 b, which was the first significant find made on a Fifth Round block. The licence is shared with Shell (24.5 per cent) and Esso (24.5 per cent). The field is located about 200 miles east of Dundee.

It is thought that the next appraisal well will be drilled on the block in the first quarter of next year, when the Atlantic II has finished the wildcat well on 9/14 d.

The field, which is yet to be named, appears to be a medium-sized find with recoverable reserves possibly in the region of 200m to 300m barrels.

At least one more appraisal well would have to be drilled, before the partners could decide whether the find was commercial.

This would mean that on the tightest schedule, exploration work will continue well into the second half of next year.



It is unlikely that the corporation and its partners would be ready to go to the Department of Energy with a development plan before 1980.

It would, however, be keen to evaluate the discovery as quickly as possible.

Its production team, which has been fully engaged in bringing the Thistle Field on stream, is now less committed as that project reaches its conclusion. The corporation would therefore welcome a new development.

The field is also located close to Shell/Esso's Fulmar Field which is presently under development. If the two fields were to be linked in any way—in oil transportation systems, for instance—the partners might like to move rapidly to evaluate the size and type of offshore loading system required.

This could involve tanker loading at the field or possibly a link to the Ekofisk oil pipeline to Teesside.

Lords call to speed development of coal industries in Europe

BY JOHN LLOYD

THE COAL industries of Europe must be developed to the fullest extent possible if a "disastrous shortage" of energy at the end of the century was to be avoided, according to a report by the House of Lords European Communities Committee, published yesterday.

The report expresses concern that the European Community's energy policy now ends at 1985, and that even the short-term targets for coal production in the Community are not being attained.

"The Committee consider that Commission proposals such as that for subsidising intra-Community trade in power station coal should be supported as being small steps in the right direction, and they regard it as a matter for regret that so far the Council has failed to adopt any of the Commission's proposals in this field."

The report also regards as "disturbing" the estimates by the Central Electricity Generating Board that it will burn less and less coal—60m tonnes by 1985, falling to between 47m and 30m tonnes at the end of the century, compared with about 72m tonnes now.

It recommends:

1—That the coal industry in the EEC be developed to the maximum possible extent, and that a decision be made soon, before it is too late.

2—That the Government support the upper end of the 135m-200m tonne estimate of coal demand made by the National Coal Board for the year 2000.

3—That the Community be primarily concerned with long-range energy forecasting, that is, up to and beyond the end of the century.

4—That the Government ensure the building of more coal-fired power stations.

Coal: Consultative Document on the position of the Community's coal industry, by the House of Lords Select Committee on the European Communities. SO, House of Lords Paper 9, £4.50.

ITT may take word process stake

BY JOHN LLOYD

INTERNATIONAL TELEPHONE and Telegraph, the multinational communications company, is likely to go into the word-processing market early next year, possibly by acquiring a large U.S. "software" (computer-programming) house.

The company recently acquired Courier, which makes visual display terminals, and Qume Corporation, which makes high-speed printers, both U.S. companies.

It requires only an enlarged "software" capability to enable it to offer a complete word-processing system.

Mr. Jim Foord, chief executive of the company's Business Systems Group (UK), said yesterday that a major entry into the word processing market "could not be ruled out." The company saw itself as a "total communications supplier."

There has been reports of a possible partnership with the Exxon Corporation in a word-processing venture, or of acquisition of the Jacquard Corporation.

"ITT is a very flirtatious company, but nothing has been consumated yet."

Last month the General Electric Company entered the word-processing stakes with acquisition of the U.S. office-equipment company A. B. Dick.

The National Enterprise Board has also indicated interest in word-processing, probably acting as a marketing organisation for a number of UK manufacturers, some of which it already owns.

Mr. Foord said that the Business Systems Group (UK) had taken orders worth about £57m for this year, 40 per cent up on the previous year's level of £39.7. A further increase of 26 per cent was planned for next year.

Data terminal business in particular had grown over forecast. Orders for the 3280 IBM plug-compatible visual display units were about £5.5m.

The introduction of the Unimat 4080 electronic stored program control office telephone exchange (PABX) had helped to maintain ITT's share of the total UK PABX market at about 25 per cent.

Biffen pledges Tory reforms to help small businesses

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A CONSERVATIVE Government would help small companies by reducing direct taxation and by introducing a number of other reforms including changes in planning laws and in statutory requirements on the disclosure of business information, Mr. John Biffen said yesterday in his first major speech as the Conservative Shadow Cabinet's spokesman on small businesses.

Addressing the Confederation of British Industry's smaller firms council, he mapped out a preliminary framework of Conservative policies while stressing that politicians should "keep off the grass" on industrial affairs.

In general, a future Conservative Government should consider not only what it does for the ICIs and the Shells of this world but its impact on the small companies. This would be a "turn-round in thinking."

Mr. Biffen attacked the TUC's recent proposals for the direction of industrial investment. They involved the "conscripted designation of pension fund money for the giants of yesterday" as part of a Government's industrial strategy that was a "museum piece."

Among a future Conservative Government's policies, tax changes would be given a high priority.

There would be alterations to capital gains and capital transfer taxes. But the main reform would come through reducing all rates of income tax. This would be paid for by higher indirect taxation, including an increase in the rate of value added tax.

MR. JOHN BIFFEN
"Help for small firms"

On company law, reforms planned by the Conservatives would include some exemptions for small businesses on the requirements for disclosure of company information.

But Mr. Biffen significantly stopped short of committing a Conservative administration to plans for a special class of small company proposed by the Party's Small Business Bureau.

Called a proporietary company, this would give small businesses exemptions over various matters and is opposed by some leading Conservatives because of the hostility it could cause.

On labour laws, Mr. Biffen backed the idea of unspecified reforms in the Employment Protection Act—but said that these should apply to all companies, not just one sector of the economy.

He was, therefore, going against the views of some of his colleagues who believe special exemptions should be made for small companies.

There would be other changes on industrial development certificates, and that office development permits should be abolished.

Rates would be payable by instalments and there would be some rate relief arrangements as well as some other innovations on planning procedures.

He added that he was concerned about the welter of protective legislation that was hitting industry. Members of the Confederation's smaller firms' council told him of their concern over proposed product liability laws.

Banks Act allows time for recognition

By Michael Blanden

BANKS WILL have at least eight or nine months to achieve recognition under the new Banking Act or to qualify as a licensed deposit-taking institution, MPs were told yesterday.

Mr. Denzil Davies, Minister of State at the Treasury, said during the Commons committee debate on the Banking Bill that the new legislation would come into effect probably two or three months after it had received the Royal Assent.

The Bill provides for a six-month period after it becomes effective for institutions to acquire the appropriate licences or recognition.

Mr. Davies made it clear that the period would, in fact, be longer, and that a further six months could be available if the Bank of England, as the supervisory authority, needed to make further inquiries before making a decision.

Mr. Davies was replying to an Opposition amendment which would have required the period of grace to be extended from six to 12 months.

Prince urges action on energy crisis

BY OUR AEROSPACE CORRESPONDENT

SWIFT and determined action to meet the developing energy crisis was urged yesterday by Prince Charles.

He told an Anglo-U.S. conference on Energy in Aerospace, in London, that anyone who behaved like Nero, "fiddling while the elements of conflagration are building up, has neither excuse nor rationale.

"It is up to us to follow the lead set by the aerospace industry and, as my father once said, pull our fingers out.

"If we want the chance for ourselves and our grandchildren of a reasonably decent future, we must take the necessary action. We must authorise the necessary expenditure to avoid the messy projects that will result from leaving it too late."

The Government was already spending much on solving energy problems. Failure could result in serious political consequences such as extended Government powers and even totalitarianism.

Prince Charles said: "It often seems to be the case that politicians are more likely to respond if pressure groups exist and public interest is stimulated.

"There is growing interest in alternative energy—solar power, wind and tidal—all it needs is expenditure.

"I hope that developments in these fields will lead to localised power with villages relying on their own local energy. This would relieve pressure on non-renewable resources."

The three-day conference, sponsored jointly by the Royal Aeronautical Society and the American Institute of Aeronautics and Astronautics, was told yesterday that techniques already available, if exploited, could result in fuel savings in jet airliners of between 20 and 40 per cent.

In the long-term, the decline in availability of petroleum-based fuels need not be serious for aviation, because it was already possible to produce a suitable jet fuel from coal.

Dr. G. G. Pope, of the Royal Aircraft Establishment, Farnborough, said that among available fuel-saving techniques were such developments as improvements in wing design, greater use of composite materials to save up to 25 per cent in aircraft weight, and such devices as "laminar flow," a method of improving the efficiency of wings by sucking the airflow closer to them, which could produce fuel savings of 20 to 40 per cent.

Dr. J. Gibson, Board member for science in the National Coal Board, said it was well established that transport fuels, including aviation fuels, could be produced from coal.

"Existing work in the UK, France and the U.S. indicates that much of the technology already exists, although there are some areas of doubt."

He envisaged the possibility of "coal refineries" being set up in the long-term future to convert directly coal into commodities now derived from petroleum.

Japanese agree to co-operate

By John Lloyd

JAPANESE CONSUMER electronics manufacturers confirmed that they would keep exports to the UK to a "reasonable level."

Talks between the council and the Electronic Industries' Association of Japan were held in Kyoto, the eleventh in a series of discussions.

Both sides agreed that it was in their interest to preserve an "orderly market" in the UK, and that they would co-operate to avoid disturbances in the market.

The six-man delegation, led by Lord Thorneycroft, chairman of the council, included representatives from industry, the electricians' union the EEPTU, and the National Economic Development Office.

The visit was made as the Development Office's consumer electronics sector working party was drawing up a report, believed to recommend much closer links between Japanese and UK electronic companies.

Chrysler raises prices 5%

CHRYSLER has announced price increases averaging 5 per cent from yesterday on some cars and commercial vehicles.

The models to be exempt from the increases are the Sunbeam LS and GL one-litre, Hunter, Simca and the recently-launched Horizon models.

Examples of the price increases are the Alpine GLS, which goes up from £4,327.81 to £4,544.27, and the Avenger LS 1.3, which will cost £2,816.18 against the old price of £2,681.62.

The decision to exclude the Horizon and some Sunbeam models from the round of price rises is evidence of "our intention to make the Chrysler car model range even more competitive in 1979," said Mr. Terry Prince, director of sales and marketing for Chrysler UK.

The company now owned by Peugeot-Citroen, made a loss of £796,000 in the second quarter of this year, following a profit of £264,000 in the first quarter.

Planning review opposed

By Paul Taylor

MR. PETER SHORE, Environment Secretary, yesterday restated his opposition to a review of the planning system, adding that the real need was to make the present system more flexible.

Mr. Shore was speaking to the annual conference of the Town and Country Planning Association in London.

In a speech in which the keynote was the Government's attempts to promote flexibility in the planning system, he restated Government planning policy.

In spite of criticisms of the present system, particularly from the environment sub-committee of the Commons expenditure committee, he was "sceptical" whether a further review would produce better answers to the inherent conflict between development and conservation.

He did, however, criticise the slow progress made towards approval of structure plans.

Although he would not apportion blame for the delays "this progress was not fast enough."

Rate rebate 'unclaimed by 1.15m'

By Paul Taylor

THE GOVERNMENT is considering ways to encourage more private tenants to claim the rate rebates to which they are entitled.

Mr. Guy Barnett, Parliamentary Under-Secretary at the Department of the Environment, said this yesterday when he released figures of householders in England and Wales who received rate rebates in 1977-78.

Mr. Barnett said that he was "particularly concerned" about the low proportion of private tenants taking up rate rebates. He was considering measures to improve the situation.

The sort of measures he may have in mind include a publicity campaign aimed at improving rebate take-up.

In 1977-78 more than 2.7m householders, 30,000 more than in the previous year, received rate rebates averaging £52 each.

Mr. Barnett said that he estimated a further 1.15m householders were entitled to the rebates, but did not claim them.

Overall the take-up rate was about 70 per cent. Private tenants appear less likely to benefit from the system.

Only 7.5 per cent of private tenants who pay rates through private landlords ereceived rebates, compared with 20 per cent of local authority tenants and 14 per cent of owner-occupiers and private tenants, who pay rates direct to local authorities.

Credit Lyonnais office opens

FINANCIAL TIMES REPORTER

THE NEW London headquarters of Credit Lyonnais, which stands on one of the last big bomb sites in the City to be developed since the war, was opened officially yesterday.

A triangular island bounded by Cannon Street, Queen Victoria Street and Bread Street, the site had remained empty as the City Corporation consistently refused planning permission, never relenting on its intention that any development would have to meet the prestige of the site's position and blend with the aesthetic profile of St. Paul's Cathedral.

The "curvilinear" building leans out at a 5 degree angle, preventing dirt from forming so readily on the exterior. Although the construction was in two phases of two years each and the building had to be "stitched" together, it is not possible to tell the difference between the faces as the glass-reinforced cement remains white.

Wates Construction completed the schedule within the £10m 1974 costing.

Architects' earnings up less than 5% in year

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

ARCHITECTS' median earnings rose by less than 5 per cent in the year up to June, according to a report from the Royal Institute of British Architects.

The report, based on a survey of one in five architects, shows that median earnings for the profession rose from £6,393 in June last year to £6,694 12 months later.

The Institute says that for purposes of comparison median earnings of all salaried architects rose by 5.2 per cent from £6,125 last year to £6,442 this year, while private-practice principals' income increased by only 4.1 per cent from £8,587 to £8,941.

It said that its report showed that architects' earnings had once again failed to keep pace with inflation, though in certain industries and professions incomes had overtaken price increases in the same period.

The survey does show, however, that 23 per cent of salaried architects in private practice have cars provided, while 37 per cent in local government receive some form of allowance.

There has been a substantial increase in provision of subsidised meals and a general increase in holiday entitlements.

Up to 20 per cent of architectural employees received life insurance cover and initial rent and lodgings allowance, while about 10 per cent had help with house purchase, health schemes, season-tickets, and subsidised accommodation.

Aldermaston safety post created

Financial Times Reporter

A NEW POST at the Atomic Weapons Research Establishment, Aldermaston, has been filled by Mr. E. Drake-Seager.

He will oversee health and safety recommendations made recently by Sir Edward Pochin.

Mr. Drake-Seager, a member of the British Defence Staff in Washington, has been appointed special assistant to the director at Aldermaston.

He will formulate and oversee improvements following Sir Edward's report on radiological health and safety at the research establishment.

Help call for rural areas

FINANCIAL TIMES REPORTER

AT LEAST 1,300 jobs were created last year in rural areas by the Development Commission, it claimed yesterday in its annual report for 1977-78.

But Lord Northfield, chairman of the commission, which advises the Government on the use of the Development Fund, voted annually by Parliament to assist rural areas, said that a long-term programme of social and economic assistance was needed if the Government was to halt future depopulation of the countryside.

He criticised the Government's policy of funding the commission on an annual basis, which prevented long-term planning, such as major factory building programmes.

"If Government will only give us secure resources for the years ahead, the commission can perform the role of a development agency for rural England and create thousands more jobs in the rural areas which so badly need them."

In spite of this problem, the commission is substantially increasing its programme of advance factory building. The number of factories approved in 1977-78 rose to 286 compared with 40 in 1975-76. Rolling factory programmes have also been established in 16 counties.

By the end of last month, 593 new factories had been approved, of which 138 had been completed and 69 were under construction. Most of the factories have been let in advance of completion.

The commission spent almost £9m last year and its cost effectiveness in creating jobs is low compared with other forms of Government assistance to industry and employment.

Laminated windscreen wins prize

Financial Times Reporter

A NEW laminated windscreen which dramatically reduces the risk of head injuries in car accidents was awarded the MacRobert Award for 1978 yesterday.

The award was presented in London to Pilkington Brothers by the Council of Engineering Institutions, on behalf of the MacRobert Trust for the development of the Ten-Twenty Windscreen by its subsidiary, Triplex Safety Glass.

The Ten-Twenty Laminated Windscreen was first marketed in the UK two years ago and is now in volume production. It is standard equipment on five cars, including the Rover 3500 and the Volvo 262C.

The total capital cost of the Triplex factory in Birmingham is £12m and the processes and the product are covered by patents throughout the world.

It is claimed by Triplex that the windscreen, produced by a new toughening technique, achieves a 99 per cent reduction in cuts to the face should the head hit the windscreen in an accident.

The MacRobert Award is made annually and is presented for an outstanding innovation or application in the field of engineering or the physical sciences which has "enhanced the prestige or prosperity of the UK."

Motorway fog warning

BY LYNTON McLAIN

WARNING SIGNALS linked to fog and vehicle detectors are to be installed on the eastern approach to the Severn Bridge in a £750,000 experiment by the Transport Department to reduce motorway pile-ups.

No date has been set for the start of the trial, but success may lead to similar equipment being installed on other fog-prone stretches of motorway.

Car components 'will need redesigning'

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

ALMOST every car component produced in the world today will need redesigning over the next seven years, Mr. Derek Whittaker, former managing director of Leyland Cars, said yesterday.

The drive to reduce fuel consumption would cause unprecedented design changes in car components over the next decade, he told this week's Design Engineering Conference, at the National Exhibition Centre, Birmingham.

Mr. Whittaker, who joined Guest Keen and Nettlefold in April as general manager responsible for product development, moved last week to the Rockware Group, where he will become managing director of the glass division.

He told the conference fuel consumption improvements would dominate car industry planning and action programmes. U.S. legislation required a 50 per cent improvement in fuel consumption by 1985 and similar action could be expected within the EEC and Japan.

Programmes to cut car weights would be crucial for all manufacturers. "Target reductions of 10 per cent, 20 per cent, and 25 per cent, respectively, for early, mid, and late 1980 model introductions are both realistic and commonplace with all European volume car manufacturers."

A 25 per cent weight reduction could give an improvement of between 10 and 15 per cent in fuel consumption. Use of aluminium, light-weight steels, composites and plastics could all play a part.

Engine sizes would not change dramatically. Family saloons would still have engines of about 1400 to 1600 cc.

"Mini-sized saloons will gain a far larger share of the European car market, with much improved 1000 cc engines providing a dramatic improvement in fuel economy and still further improvements in passenger car accommodation and comfort," he said.

Three and five cylinder engines offered excellent opportunities for weight reduction and vehicle refinement.

Diesel engines were likely to make rapid progress in Europe to form 10 per cent of the car population by 1990. In the UK and U.S. the growth rate would be slower and the 10 per cent would not be achieved until the year 2000.

During the 1980s, the built-in car mini-computer would become a reality, with devices to aid fuel economy and control emissions.

Gear and axle ratios would almost all change, with a fifth gear becoming common on most volume cars. There would be considerable change in transmission designs and the great majority of volume cars would be front-wheel drive.

Looking beyond 1990, Mr. Whittaker forecast the drive to achieve economies of scale would mean that most "under bonnet parts" would be truly international.

"The role of the vehicle stylist is likely to become even more important than today, as this will be the only way vehicle manufacturers will be able to distinguish their products in a highly competitive marketing environment," he said.

Impressionists top £2.39m

SALEROOM
BY ANTONY THORNCROFT

THE WEEK of big Impressionist sales in London got off to a steady start at Christie's yesterday with a total of £2,396,260. No exceptional pictures were on offer, but an auction record of £75,000, plus the 10 per cent buyers' premium, was established for two works by Edvard Munch. One, of two sisters, Ragnhild and Dagny Jue was bought by Fuji, a Japanese dealer, and the other, a pastel of Bathing Girls, well above forecast, sold to Berntsen, an Oslo dealer.

The top price of the day was £78,000, from Krampf, a New York dealer, for "La Conversation," by Renoir.

Other good prices were £75,000 from Gregoire Galleries of New York for "Paysage Provençal," by Andre Derain; £72,000 from Cox of London for "Une femme devant le paysage," by Leger; and £65,000 from Sarec Sa for "Marine à Berck," by Manet.

The collection by Barnett Shine of gold statuettes by leading sculptors sold for £61,100. The top price was £10,500 for "Rolling-over horse," by Elisabeth Frink, which went to Hanover Grand.

There were good prices in a Sotheby's sale of manuscripts and miniatures which totalled £156,090. "Hours of the Virgin," produced in the Loire Valley in the late 15th century, with many miniatures, sold for £32,000, plus the 10 per cent buyers premium, about double its estimate; while Belmonte, a London dealer, paid £16,000 for an early 16th-century German "Hours of the Virgin," which are very rare.

An illustrated manuscript of the "Defensor Pacis," by Marsilius of Padua, produced in Burgundy in the later 15th century, made £14,000; and a late 13th-century "Hours of the Virgin," from Liege, sold for £12,000. Two miniatures by the "Spanish forger," who worked around 1904 and is now being collected, sold for £320 each.

In Hong Kong, Sotheby's auction of Oriental carpets totalled £108,843, with a Royal Turkish Kum Capour prayer rug, woven in the Topkapi Palace in Istanbul for the Sultans, sold for £19,124.

A collection of 80 Victorian card cases, picked up in the past 20 years throughout the country for as little as £4-£5 for a silver case, or a few pence for a tortoiseshell, were sold at Phillips for £4,194. The highest price was £250 for a silver case with a raised design of a castle by the Birmingham maker Nathaniel Mills in 1843.

The collection included carved ivory, papier-mâché and ornate mother-of-pearl examples.

A Japanese ivory case carved on one side with an owl on a branch and on the reverse with a design of frogs and lily leaves sold for £135.

At Bonhams silver and plate sold for £16,994 with a top price of £2,000 for a large canteen, 137 pieces of King's pattern flatware. A canteen of Fiddle pattern spoons and forks sold for £820.

Market projections of Government and TUC 'unreal'

BY SUE CAMERON, CHEMICALS CORRESPONDENT

CHEMICAL PLANT worth £6bn would be lying idle today if companies had based their investment on the "totally unreal market projections" put forward by the Government and the trade unions, Dr. Peter Caudle, economics director of the Chemical Industries Association, said yesterday.

Dr. Caudle told an Industrial Marketing Research Association symposium in London that Government and union economic projections were based on wishful thinking rather than on facts. The gap between reality and Government and TUC forecasts had become a "sick joke."

The UK chemical industry had been asked "several times in the past decade" to meet economic targets which had proved quite unrealistic.

"Company managements, on whom the survival and prosperity of the chemical industry actually rests, cannot afford the mad folly of building real plants, using real national resources, to meet totally unreal market projections.

"All major companies in the industry regularly review where they are going on the basis of present trends and policies.

"But no company wastes its time studying totally unrealistic targets. Nor does it commit its resources—and its employees' future job security—to unattainable objectives.

"Yet the industry has been asked by governments of both parties and by its union friends to do just this, particularly in relation to investment."

Output

In 1976, the chemical sector working parties—set up by the Government as part of its industrial strategy—had been "enjoined" to plan for an annual growth rate in GDP of 4.75 per cent between 1975 and 1979.

They had been told to expect manufacturing output to increase by 8 per cent a year during the same period, while chemicals output was to go up by no less than 10.3 per cent a year.

The forecasts for next year and the statistics for the last four years now showed an annual growth rate for GDP of 2 per cent, an annual growth rate for manufacturing output of 1.6 per cent, and an annual growth rate for chemicals output of 4.8 per cent.

This sorry story illustrated "in extreme form the gap between the uncomfortable real world of actual markets, customers and competitors, and the world of wishful projections."

"This helped to explain the clash of views between the unions and the industry on UK investment in ethylene crackers and petrochemicals.

Resources

The 1976 projections put forward by the Government and the trades unions were not the only projections that had been wrong. If the chemical industry had followed Government or union forecasts in 1973, it would now be in serious trouble.

"During the five years from 1973 to 1977, the industry actually invested £1.22bn—at 1970 prices—and it finds itself with around 10 per cent aggregate spare capacity in 1978, corresponding to unused fixed capital resources of around £700m at 1970 values.

"If the industry had followed Government projections, this figure would have risen to £1.3bn, and acceptance of the union projections would have meant no less than £2.2bn of the industry's—and the nation's—resources would be standing idle now.

"In present day money terms, something between £4bn and £6.5bn of plant would be waiting for customers for its products.

"The history of UK national planning has consistently ignored the precept that no-one has any clear idea of the likely rate of development of the OECD economies or of the chemical industry over the next decade. All plans must retain a flexibility to meet an out-turn which may be better or worse than expected."

£25m plan for new version of Jetstream

By Michael Donne,
Aerospace Correspondent

BRITISH AEROSPACE is to *invest up to £25m of its resources* in developing a new version of the twin-engined Jetstream light transport aircraft.

The venture will be undertaken by the nationalised group's Scottish Aviation factory at Prestwick, Ayrshire. It will eventually increase the labour force from 1,400 to 1,800.

Announcing the venture yesterday, British Aerospace said that extensive studies of the world market had indicated a strong long-term need for a light, twin-engined transport aircraft to suit commuter-type airlines, business organisations, and military bodies.

Three types

The new aircraft will be called the Jetstream 31. It will be developed from the existing Jetstream, which was originally developed by Handley Page, but later taken over by Scottish Aviation.

The Jetstream 31 will be developed in three versions — an 18-passenger commuter model, an 8-10 passenger executive aircraft, and a special version for military and specialist roles such as resources surveys, coastguard duties and training.

Laker plans advance Skytrain bookings

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

SIR FREDDIE LAKER, who runs the cheap-fare Skytrain flights between London (Gatwick) and New York and Los Angeles, is seeking a change in the licence to enable his airline to sell tickets in advance.

At present, Skytrain is restricted to ticket sales only on the day of departure. When all the seats on any Skytrain flight are filled, would-be passengers are told to return next day.

The system resulted this summer in long queues of people camping in the rain outside Victoria Station, London (where *Laker Airways has a sales office*), and at Gatwick Airport, causing problems for local residents, police and public health authorities.

In response to a request from the Civil Aviation Authority to find possible solutions to the problem, Laker Airways, of which Sir Freddie is chairman, has suggested *changing* the Skytrain licence to enable the airline to sell seats in advance.

The plan is that when one Skytrain flight is filled, the airline can immediately start selling seats for the next, and so on, until any build-up of passengers is cleared.

This is such a radical departure from the terms of the original Skytrain licence, however, that it is bound to result in a fight when the matter comes before the authority at a public

SIR FREDDIE LAKER
Seeks to end queues

hearing in London on December 20 and 22.

Both British Airways and British Caledonian are understood to be objecting to the *change, on the grounds that it* turns Skytrain into a normal scheduled service, instead of a special no-reservations operation.

The British Airports Authority, which runs Gatwick Airport, is understood to be supporting the Laker plan, because it will prevent the airport from being congested again for days on end by waiting Skytrain passengers.

Westminster City Council, which bore the burden of public health and other problems caused by last summer's queues, is also understood to welcome the plan.

Laker Airways originally wanted the licence change to become effective last month, but because of delays in the public hearing, *is now asking for it to* be authorised as soon as possible.

It seems unlikely that the Civil Aviation Authority could complete its studies in time for the Christmas holiday rush, in view of the timing of the public hearing. But it is possible that it *could take a decision in time for* the New Year, and certainly well ahead of the summer season which starts on April 1.

Works to shut

TWO HUNDRED workers will lose their jobs with the closure of a Telford, Shropshire, foundry. *The Eagle foundry, part of the* Sinclair Ironworks complex at Kelley, will close in February. The decision is blamed on a continuing fall in demand from the motor industry.

Second direct-sell operator enters UK holiday market

BY ARTHUR SANDLES

A SECOND Scandinavian direct selling package tour operator has entered the British travel market, *saying that the Briton is "paying* too much for his package holiday."

Vingresor, a Stockholm-based subsidiary of the airline SAS, has followed Tjaereborg, the *Danish company which entered* the UK market last year.

Vingresor, which plans to cut out travel agents and sell direct to the public through its sophisticated computer systems, is offering 42,000 summer holidays to the Britsh for next year. Its brochure covers most of the traditional British holiday destinations.

The arrival of Scandinavian competition in the UK has *alarmed the retail travel* industry, which is concerned that major British operators might be tempted to follow the newcomers' example and by-pass retailers.

Mr. Alan Sinclair, general manager of Vingresor in Britain, made no attempt at diplomacy at the launch of his new product yesterday. He said: "People have had to suffer the agonies of uncertainty, not knowing whether their holiday has been *booked, and not knowing how* much it will cost if it has been booked.

"This is inevitable in the case of a holiday purchased through the travel agent, who has to check availabilities with the tour operator, the tour opeartor confirms to the agent, the agent then *has to contact his client.*

"Often these dreary procedures are coupled with sloppy service and the client is left with long periods of frustrating uncertainty."

Mr. Christer Mafnusson, managing director of the parent company, said that it had felt the British were paying too much for their holidays.

More home news on Page 27

Rush for trips abroad

FOREIGN HOLIDAY bookings are running about 150 per cent up on this time last year, according to the Association of British Travel Agents.

After checking with the five *largest tour operators it found* that more than 715,000 of a total capacity of 1.7m holidays had already been sold for next summer, or 41 per cent of capacity.

Commerce chambers make Budget plea

BY DAVID FREUD

THE CHANCELLOR is urged to cut income tax, reduce public expenditure, and increase indirect taxes in the next Budget in a letter from the Association of British Chambers of Commerce.

Mr. Tom Boardman, president of the Association, says that high marginal rates of income tax are "a major factor in the reluctance in large areas of the economy to put in extra effort to reduce unit costs by raising productivity, to invest and to innovate."

The "national interest demands that public expenditure should be kept within the confines of what revenue can be raised without the imposition of an excessive burden of taxation."

Failure to do this in the past had been a major contributory factor to the country's economic problems in general and inflation in particular.

"We, therefore, urge that you *should retrench on* Government expenditure and drastically raise the threshold and reduce the rates at all levels of the income tax. We consider that you could well also transfer some of the burden to indirect taxation."

Managers 'surviving income tax demands'

FINANCIAL TIMES REPORTER

MANAGERS in Britain are not *as harshly penalised by the personal* income tax system as is often claimed, especially when other countries' higher costs of living are taken into account, says a survey published by Inbucon, the management consultants.

In Britain, the average married executive with two children retains 74 per cent of his gross income, compared with 60 per cent in New York, 33 per cent in Sweden, 62 per cent in Belgium (54 per cent after social charges), 73 per cent in Switzerland, 76 per cent in Holland, 80 per cent in Italy and 84 per cent in France.

While *the tax curve rises more* steeply in the UK than most European countries except Holland and Sweden, social security contributions on the Continent further reduce disposable income even taking family allowances into account. In the UK, the value of family allowances cancels out the social security contributions.

According to the Inbucon cost of living index covering "*the fairly comfortable life-style* of Western middle and higher *management*," *only Lisbon* and Barcelona have lower living costs than London. Germany and Sweden have costs 60 per cent higher than London and Holland's are 47 per cent higher.

In London, the survey says, the average executive earns £8,000 gross, or £6,000 net. The average Swedish executive starts out with £35,000, has a net income after tax and other reductions of £8,000, and a purchasing power of about £4,900.

Only in France and Switzerland are management very much better off than in London, having salaries of about £14,000 after tax and living cost adjustments.

In Belgium the average executive has a gross income of about £22,000. After tax and social security contributions, he is left with £12,000 and in terms of purchasing power compared with London, this is worth £9,600 to him.

Annual Survey of International Taxation and Living Costs; published by Inbucon Management Consultants, Salary Research Unit, 197, Knightsbridge, London, SW7; price £75.

Manchester seeking more conferences

BY OUR NORTHERN CORRESPONDENT

GREATER MANCHESTER hopes to win a bigger share of the UK conference trade worth £300m a year, with the opening of a new centre to handle marketing and inquiries.

Greater Manchester county, with a population of 2.7m, has about 100 hotels and several large centres besides the area's academic institutions.

A new office, opened in Manchester city centre this week, will be controlled by a joint management committee with equal representation from the County Council and the commercial sector.

Most of the £30,000-a-year cost of running the centre will come the County Council, but it is thought about £12,000 will come from commercial sector contributions and subscriptions to a newly formed Manchester Conferences and Exhibition Association. The new organisation claims to have received more than 80 inquiries and to have converted these into 44 firm bookings likely to bring in business worth £100,000. It is hoped that the centre can quickly generate roughly £1m a year in revenue for the region.

Plant extended

A NEW £350,000 plant has been commissioned by British Vita in its Salford, Lancashire, factory to produce polymeric coated fabrics. The materials, Vitapruf, are suitable for clothing such as anoraks and sports wear, ranging to heavy-duty fabrics for tarpaulins.

PARLIAMENT AND POLITICS

Foot stonewalls on sacked union man

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

TORY SPOKESMAN protested in the Commons yesterday over the case of Mr. Joseph Thompson, who lost his job because his union card was withdrawn by the National Union of Dyers, Bleachers and Textile Workers.

Mr. Thompson, of Yeadon, Leeds, had his card taken away when the union found out that as a school-leaver many years previously he had worked for a "blacked" company.

But the Conservative complaints met with a stonewalling response from Mr. Michael Foot, Leader of the House, who—as former Employment Secretary—was responsible for drawing up the Act which governs the closed shop regulations.

Mr. Foot, standing in for Prime Minister's questions in the absence of Mr. James Callaghan, agreed that the rules should be interpreted in a liberal fashion. He suggested, however, that some of the Press reports on Mr. Thompson's case had been misleading.

Mr. James Prior, Opposition Employment spokesman, said that since the incident was largely the result of Mr. Foot's legislation, he should discuss the matter with the Prime Minister on his return from the EMS negotiations in Brussels.

Mr. Prior pointed out that during the committee stage of the Trade Union and Labour Relations (Amendment) Bill, the Opposition had fought for a genuinely indenendent tribunal which could hear appeals in such cases.

"This would certainly prevent the sort of passions being aroused which only bring trade unions and the rest of the country into considerable contempt," he declared.

MR. MICHAEL FOOT

It was not acceptable, said Mr. Prior, that the only right of appeal on the closed shop was to a TUC-nominated body which was judge and jury in its own case.

There had to be a right of appeal to a totally independent court or tribunal. "Nothing else will suffice to allay widespread public anxiety," he declared.

Mr. Foot said he was prepared to discuss the matter with the Prime Minister. Nevertheless, it would not be right to make an off-the-cuff comment when the Opposition seemed to be taking seriously a grossly misleading newspaper account of the matter.

This brought an attack from Mr. William Whitelaw, deputy Leader of the Opposition, who asked: "Are you actually seeking to justify depriving a man of his livelihood now for something that happened 13 years ago?"

The Leader of the House assured him that he was saying nothing of the sort.

So far, the case had not been referred to the independent review body set up under the auspices of the TUC.

Before such an appeal was made, the case might well be a matter for further consideration under the internal procedure of the Dyer's Union.

Mr. Evelyn King (Con. Dorset S.) wanted a firm undertaking that a statement would be made to the House once the facts had been established.

He suggested that that would be a good time to announce that the legislation of the closed shop would be revised in order to prevent such "brutalities."

According to Mr. Foot, Mr. King had completely misconceived the situation.

"I believe that trade unionists like everyone else should use power in a liberal and proper manner," he added.

To a considerable degree, the whole atmosphere had been soured by the Conservative government's Industrial Relations Act. As far as he knew, the Conservative Party had no proposals at present to introduce legislation banning the closed shop.

Orme firm on 50-50 pension board plan

By Our Parliamentary Staff

THE GOVERNMENT will not reverse its policy of 50-50 trade union representation on pension fund Boards, Mr. Stan Orme, Social Security Minister, made clear in the Commons.

He rejected Conservative demands that the Government should reconsider its proposal to allot half the seats on pension fund Boards to trade unionists. "The Government's policy on member participation in the management of occupational pension schemes has not changed."

Mr. Nigel Forman (C., Carshalton) said public opinion surveys showed that the overwhelming majority of people opposed the Government's proposal that trade unionists could be the only channel of communication on the issue.

Mr. Orme denied that. "I find when I visit firms and discuss this matter with trustees, trade unionists and employers that there is a wide measure of support. The Government sees no reason to reverse its policy."

The recommendation of 50-50 representation was a modest proposal.

From the Conservative front bench, Mr. Patrick Jenkin appealed to the Government to recognise that there was opposition in many quarters to the proposal that member representation should be the exclusive nomination of trade unionists.

He wanted the Government to abandon "this foolish proposal" and restore a bi-partisan policy on pensions.

Mr. Orme said that the Government had not changed its view on member participation and felt that pension schemes could best be run by giving certain rights to recognised unions. "We are certain that these rights will be exercised responsibly."

Ford 'only target so far'

BY OUR PARLIAMENTARY CORRESPONDENT

THE FORD Motor Company is the only concern against which the Government has imposed sanctions in the current pay round, Mr. Joel Barnett, Chief Secretary to the Treasury, said.

More details of how the Government intends to apply sanctions emerged in written answers to questions from Conservative MPs.

Mr. Barnett told the Commons: "Discretionary action is only taken when a pay settlement is concluded in breach of the guidelines and no re-negotiation is in prospect.

"In the present pay round this situation has only been reached in the case of the Ford Motor Company, against which discretionary action is being taken."

All the main Government departments stated last night that they would comply with the decision to impose sanctions against Ford.

The stock reply from the Ministries was: "Save in exceptional circumstances of overriding public policy, my department will not place contracts or invite tenders in respect of Ford products during the currency of the company's excessive pay settlement."

Ministers added that they would invite those public bodies for which they were responsible to take into account the Government's decision.

Ministers responsible for granting financial aid to companies, such as industry, trade and employment, said that account would also be taken of the breach of pay policy by Ford when it came to considering applications for aid.

However, Mr. Leslie Huckfield, Industry Under-Secretary, said that after considering the company's pay settlement in the light of all relevant circumstances, the Government decided that it would be inappropriate to interfere with future payments under the terms of existing offers of financial assistance to Ford.

School pay plan attacked

BY IVOR OWEN

IN HIS first main speech in the Commons as Conservative Shadow Education Minister, Mr. Mark Carlisle yesterday strongly attacked the Government scheme to provide payments for 16- to 18-year-olds who stay on in full-time education.

He maintained that the scheme, to be operated selectively in areas of high unemployment, might be used to mask the true extent of youth unemployment before the general election.

Amid Tory cheers, Mr. Carlisle contended that the resources available to provide such payments might be better used for discretionary awards.

Pym pledge on conference

By Ray Perman

THE CONSERVATIVE party is committed to change the way Scotland is administered, even though it is campaigning against the Government's devolution policy, Mr. Francis Pym, Shadow Foreign Secretary and devolution spokesman, said yesterday.

The party, which has joined the anti-devolution umbrella group for the referendum campaign, did not believe that a No vote was the end of constitutional change, he declared.

Mr. Pym said a future Tory Government would call a constitutional conference to which all parties accepting the premise of the unity of the UK would be invited to attend.

Euro-gravy train may not run

BY PHILIP RAWSTORNE

LABOUR'S anti-Marketeers yesterday hailed the Brussels decision to pay Euro-MPs at national rates as a signal success for their line.

"The European gravy train will not now run," said one delighted member of the Common Market Safeguards Committee.

In fact, the question of pay for members of the directly-elected European Assembly may have been shunted only temporarily into a siding.

Once established the Assembly itself is likely to want the last word on this issue as well as on the methods by which it is elected.

There is no doubt, however, that the Brussels decision is the result almost entirely of the Labour Party's pressures on Mr. James Callaghan and his Cabinet.

The British Prime Minister apparently concluded long ago that extravagant payment for seats in a European Parliament would only heighten the political discomforts of progress towards it.

Labour's anti-Marketeers have pressed their campaign on Euro-MPs salaries with constant vigour ever since it became obvious that the could not block the move towards next year's direct elections.

Even as the EEC summit was reaching its decision on Monday night, Mr. Dennis Skinner, the Left-wing MP for Bolsover, was still complaining in the Commons about the dangers of establishing "an expensive Assembly for expensive people."

Labour's hostility was aroused by speculation and rumour that the salaries of Euro-MPs, after direct elections, would be roughly equated with those paid to members of the German Bundestag.

The figures quoted in Luxembourg and Strasbourg usually fell between £20,000 and £24,000 a year.

The issue fuelled the general opposition to the EEC with resentment, envy and cynicism.

There were bitter comments that a new party would be founded—the SOP, the Socialist Opportunists Party.

Those who viewed the directly-elected European Parliament as a threat to Westminster's sovereignty argued that such a difference in salary would reinforce the danger.

Westminster MPs, they argued, would become second-class legislators in every sense of the words.

The Cabinet found the feeling too strong to resist with arguments about the size of the constituencies that the new Euro-MPs will have to look after.

And Europe's cost of living was too delicate a subject for the pro-Marketeers to stress.

Mr. Callaghan, therefore, made it clear as long ago as April that British salaries would be taxed at UK rates. Mr. Frank Judd, Foreign Office Minister, indicated last month that Britain was unlikely to agree to salaries higher than the £6,870 paid to Westminster MPs.

The Brussels agreement was enthusiastically welcomed yesterday by Mrs. Barbara Castle, the former Cabinet Minister who is to seek a seat at Strasbourg next June.

"Large salaries would have attracted the wrong sort of people. The decision will eliminate some of the cynicism about people rushing to get on the gravy train," she said.

Labour's EEC sceptics and opponents generally shared that view, though Mr. Eric Heffer, a leading member of the Tribune Group, remained dissatisfied.

He complained that British taxpayers would still have to contribute to the higher salaries of German and French MPs.

The question of expenses, which are likely to be paid at the same rate to all nationalities, remained a sore point.

At present, Euro-MPs can claim a subsistence allowance of about £50 a day and a travel allowance of around 10p to 20p a kilometre. A secretarial allowance of £300 a month is also available, but is paid directly to a named secretary.

Despite the cynics, there is little evidence that the prospect of high salaries and expenses has been a serious factor in motivating potential candidates.

Most of the applicants for both the Labour and Conservative lists have been moved by deeply held pro-Market or anti-Market convictions.

There have been few obvious carpetbaggers and the selection procedures and the election itself are likely to weed out all but a handful.

Among pro-Marketeers in both the Conservative and Labour Party, there has been more concern that the low pay which it is argued already excludes many first-rate brains and energies form Westminster, will have the same effect on Britain's representation in Strasbourg.

Mr. Marcus Fox, Conservative vice-chairman in charge of selecting the party's candidates, said yesterday that he was "very angry" at the Brussels decision.

"I think some potential candidates, some very eminent people, will have to look very carefully at the financial sacrifices they might have to make."

Sir Geoffrey de Freitas, a member of the present Labour delegation to Strasbourg, said: "I hope that a year or so after the European Parliament is established, its leaders and the Council of Ministers will review the position to see if we are getting the right quality of MPs."

Problem of the pin-stripe pound

BY DAVID MARSH

THE CHART shows that British MPs in the new European Parliament next year will be much worse off than most of their colleagues if pay rates are aligned with salaries in national Parliaments.

At present exchange rates, only Luxembourg MPs, with a basic annual £4,665, earn less than the British of £6,270, while Belgian, Dutch French and West German MPs all earn more than £20,000.

The gulf between rich and poor members of the European Parliamentary community is not quite as large as the bare figures suggest. Allowance must be made for variations in living costs and exchange rate distortions.

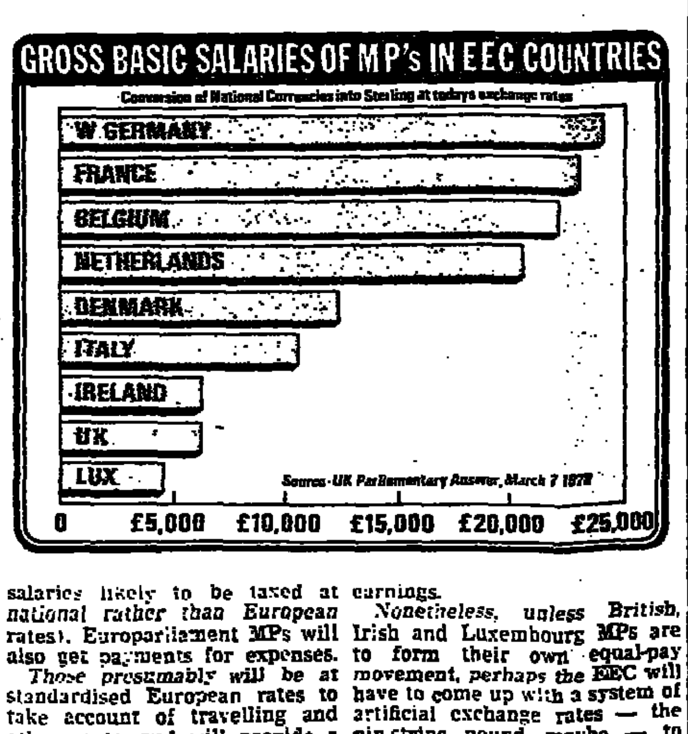
The basic salaries of MPs in national Parliaments are also augmented by travel, sustenence and administrative allowances of varying generosity. A UK MP gets up to £2,534 annually in sustenance allowances and up to £3,687 in secretarial help, while his German counterpart receives £14,000 for office upkeep and additional expenses.

Most MPs in national Parliaments also get extra payments to cover all or part of the cost of Parliamentary travel, postage and telephones.

In addition to their basic salaries likely to be taxed at national rather than European rates), Europarliament MPs will also get payments for expenses.

Those presumably will be at standardised European rates to take account of travelling and other costs, and will provide a way at least in principle for making up part of the gap in earnings.

Nonetheless, unless British, Irish and Luxembourg MPs are to form their own equal-pay movement, perhaps the EEC will have to come up with a system of artificial exchange rates — the pin-stripe pound, maybe — to iron out the most glaring discrepancies.



LABOUR NEWS

● NEWS ANALYSIS — PROVINCIAL JOURNALISTS' DISPUTE

A widening rift

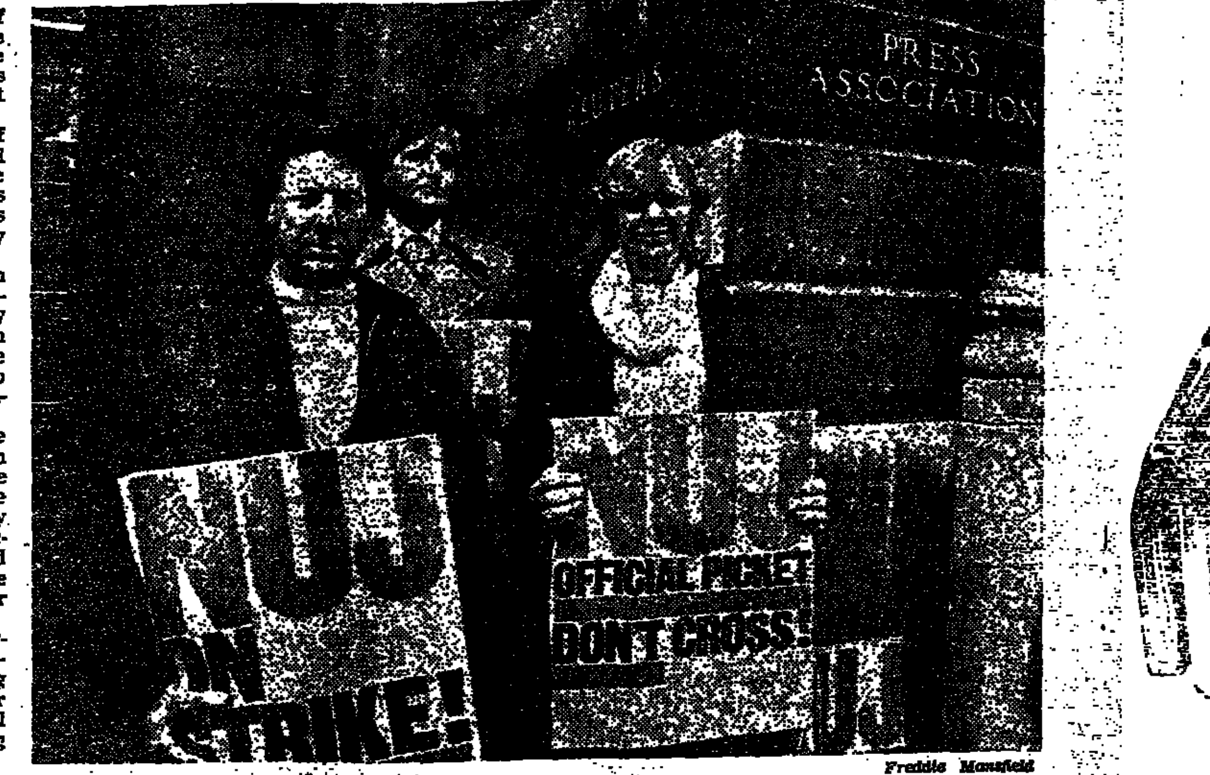
THE RIFT between the views of provincial journalists and those of newspaper employers on the state of the industry has widened noticeably over the past few years.

The beginning, on Monday, of the first national open-ended strike by members of the National Union of Journalists working on provincial papers and London weeklies was partly the result.

The Newspaper Society, which represents 260 provincial newspaper managements, principally in England, Wales and Northern Ireland, takes the view that there is a serious problem relating to the pay of journalists, particularly the more senior staff.

Many managements concede that journalists' pay, at least in relation to some comparable groups, has fallen in relative terms, partly as a result of pay policy, the operation of productivity schemes elsewhere, and the great extension of fringe benefits in other white-collar sectors in industry.

Employer representatives, however, while realising the difficulties this causes — in attracting some types of journalists for example—believe that provincial newspapers are largely coping with the problem.



Freddie Mansfield

NUJ picket outside Press Association offices in Fleet Street yesterday

Low morale

The attitude of the NUJ, which represents the bulk of the 9,200 provincial newspaper journalists is that the industry is sinking into a deep crisis—not of profit margins, but of chronic low pay and the sapping of morale:

The result, says the union, will by growing trained manpower shortages in key areas, a steep decline in the standard of newspapers, and, consequently, a poorer service to readers and advertisers.

Much of this view is shared by the much smaller and non-TUC affiliated Institute of Journalists, but which does not see the NUJ strike as an appropriate means to win substantially improved terms and conditions.

The national provincial agreement sets 18 minimum rates for senior journalists and a range of minima, based on a percentage of senior rates, for trainees.

The multiplicity of senior rates results from having six "levels" of newspaper—ranging from the weekly paper publishing in an area with no other paper (group 1) to the London office of provincial dailies (group 6), and three grades of senior journalist. These are seniors with two years unbroken experience, those with two to five years and those with five years or more.

The present minimum pay for the lowest group of senior is £60.92p and the minimum for the highest of the 18 levels is £82.28p. Minima for trainees range from £33.51p to £64.82p.

The Society says average pay for all senior provincial journalists is £84.85p, and £74.25 for those on small weeklies. The difference between these and the minima is accounted for by special house agreements and merit payments for journalists doing specialist jobs.

The NUJ does not dispute those figures, but says they include many editorial executives, though not editors, and, of course, exclude the industry's 2,000 trainees.

The union claims that most of the journalists earn less than £75 a wek, and 40 per cent of senior journalists earn within £10 of the minimum applicable to their group. It also complains that many provincial daily editors, who negotiate salaries individually, earn only about £6,500 a year with some weekly paper editors earning £75 a week.

The main element of the NUJ claim is an across-the-board rise of £20 for all qualified journalists, and pro-rata increases for trainees. The IOJ is also looking for substantial increases.

The NUJ claim, which covers 1,200 newspapers, also seeks changes in the existing national training system and improvements in hours, sick pay, mileage rates, holidays and "experience" payments. These reflect long-standing grievances at some offices.

Vulnerable

To back the claim, which is way outside the Government's 5 per cent pay policy limit, the union points to newspaper profit figures.

Provincial papers had a relatively lean time between 1973 and 1976-77, which the society says provided the lowest profit margins since the early 1960's. The last financial year and this year have witnessed a major growth in profits.

The union's claim says, for example, that last year's profits for United Newspapers were up 40 per cent to £5½m, for Westminster Press up 36 per cent to £5m for the half-year, and for East Midlands Allied Press up 52 per cent to £1.6m for the 12-month period.

The society says it is extremely sympathetic to the journalists' case but has informed the union that it will not breach pay policy, and argues that many of its members would be extremely vulnerable to Government sanctions. Sanctions could be applied not only to newspapers but also to other industrial enterprises owned by newspaper groups.

The society has made two offers. The first, and only firm offer, is 5 per cent, together with talks on the possibility of a national self-financing productivity scheme as well as locally-negotiated ones. On the average senior rate, 5 per cent would give just over £4 a week.

The society is however, sceptical, and so is the NUJ on the possibility of a national productivity scheme, although many offices negotiated deals last years. This year, other papers have also proposed more than the society offer, linked to improved productivity.

These include Southern Newspapers, based in Southampton which the NUJ says has offered 15 per cent acros the board, and the Birmingham Post and Mail, which the union says is offering £11 and 5 per cent for daily staff and 18 per cent to those in the group's weekly papers. These papers' journalists have refused to obey the instruction to strike.

The second society offer is worth 8.8 per cent on the editorial wage bill. This would provide an increase of £4.08 for the lowest grade of senior journalist and up to £13.72 for those working in London offices of regional papers. Senior staff on the largest provincial dailies would receive £9.93.

This offer, however, is dependent on the Department of Employment making journalists a special case. Employers are preparing, jointly with the IOJ, submissions on a special case but Government officials say privately that at the moment they can see no justification for making special arrangements for journalists. The NUJ is refusing to co-operate with the submissions.

On a second point, if the Department did waive the journalists through as a special case it would not be for the employers to make an offer. What journalists should receive would be assessed by an independent panel and their findings approved or rejected by the Government.

In a union so bitterly and permanently divided as the NUJ between the Left and Right there have been inevitable accusations of political motivation.

After the union's executive agreed the strike instruction last weekend its member for news agencies, Mr. Harold Pearson resigned saying there was no will for the strike which had been engineered by members of the Socialist Workers Party.

In the society itself, there is no consensus on a number of issues, including, for example, the future of national training. Inevitably some newspaper managements have taken a more robust view than others in their willingness to negotiate above the 5 per cent on the basis of improved productivity.

Journalists have frequently been their own enemies when it has come to the point of taking a decisive stand on pay and conditons. It remains to be seen whether this again proves to be the case on this issue, over which the union, rightly or wrongly, believes it has had every justification in calling the first open-ended national provincial strike in its 71 years.

Double-shift work at Solihull accepted by BL employees

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BL CARS workers at Rover, Solihull, have accepted the principle of double-shift working, marking a significant breakthrough for the tough management line initiated by Mr. Michael Edwardes, the company chairman.

Building work was halted six weeks ago on the £30m first stage of a £280m programme to double output of the successful four-wheel-drive Land Rover and Range Rover models because of lack of agreement with BL unions on operating the new plant.

Mr. Pratt Thomson, managing director of Jaguar-Rover-Triumph, made clear that the projects would not go ahead unless the workforce gave support for the production changes necessary.

The company said last night that agreement had now been reached between management and unions on satisfactory working practices.

Fewer than 100 employees will be required to work nights under the present phase of development, but management believes it has established the important principle that double-shift working is necessary.

Contractors are being recalled to the Solihull site to continue work on a new assembly line. The aim under the present £30m phase is to increase output of the Range Rover by 50 per cent and the Land Rover by 10 per cent by next spring.

The company maintains that the six-week investment freeze should not delay the project.

Detailed negotiations are continuing with the unions on working practices for the full £280m programme, which should double output by 1983. Double-shift working, the cause of much complaint by Solihull workers, will not be required until 1980.

Time is important to the success of BL's expansion programme for its four-wheel-drive vehicles. Competition is already coming from United States, Japanese and Eastern European manufacturers. But the main challenge is seen as the vehicle designed jointly by Mercedes and Steyr-Daimler-Puch.

● The Amalgamated Union of Engineering Workers decided yesterday to recommend its BL workers to accept the company's 15 per cent pay package offer to all employees, which is going to ballot.

● Production of the Chrysler Alpine and BL Dolomite was halted in Coventry yesterday in two separate disputes. At Chrysler, Ryton, 150 men on the trim line walked out to support colleagues in a pay dispute. At Triumph, 90 men in the Dolomite trimshop continued Monday's walkout in a dispute over labour mobility.

Report calls for shorter week's work

TRADE UNION beliefs that a shorter working week would reduce unemployment were given support yesterday in a far-reaching critical report on Britain's industrial performance by an academic group supported by radical trade unionists.

The report, "The Future of Employment in Engineering and Manufacturing," comes from the Centre for Alternative Industrial and Technological Systems, a joint venture between North East London Polytechnic and Lucas Aerospace Combine shop stewards' committee.

The Lucas Combine is at the forefront of moves towards shop-floor industrial democracy. Its corporate plan, which cuts across many traditional trade union demarcations, is an attempt to re-direct the company's traditionally military-based production into "socially useful" markets.

The report says that the true cost of 1.5m workers unemployed is more than £10,000m per year, including redundancy payments, administration costs and lost production due to current unemployment levels.

It warns that the real cost of unemployment could be around £30,000m per year if the numbers out of work rise to the levels of some economic forecasters.

The Government's range of job maintenance schemes "make no effort to deal fundamentally with the problem."

"The Future of Employment in Engineering and Manufacturing": available from CAITS, North East London Polytechnic, Longbridge Road, Dagenham, Essex. Price 75p.

Manual workers likely to call for action over 40% claim

BY PHILIP BASSETT, LABOUR STAFF

GENERAL SECRETARIES of four unions representing local authority and health service manual workers, who have submitted a 40 per cent pay claim, are expected to meet within a week to co-ordinate industrial action.

Mr. David Basnett, general secretary of the General and Municipal Workers' Union, will also press for the Government's proposals to provide public sector wage comparability—lost in the failed TUC-Government agreement on pay and prices—to be brought forward again in talks between Ministers and the TUC Economic Committee, probably to take place in the New Year.

Sanctions over the claim, which covers about 1.25m workers and which has become the first large-scale public sector test of the Government's pay limit, have not yet been detailed.

The effects of industrial action by workers in key public service areas such as refuse collection, though, are likely to be serious and widespread. Action is unlikely before the New Year.

The formal reply to the 238,000 National Health Service ancillary workers is due on Friday and to the 1m local authority manual workers on December 12.

The call for a general secretaries' meeting was made yesterday by the executive council of the GMWU. The union will be recalling its regional conferences after the employers have made their expected 5 per cent offer to decide the membership response to it and to the general secretaries' plans for concerted industrial action.

The general secretaries meeting is expected to include Mr. Basnett, Mr. Moss Evans of the Transport and General Workers' Union, Mr. Alan Fisher of the National Union of Public Employees and Mr. Albert Spanswick of the Confederation of Health Service Employees.

Mr. Basnett appealed yesterday for the Government to abandon its rigid stand on the claim.

He said: "It is an indictment that those whose service is most vital to the community, whose loyalty to the Labour Government is undoubted, and whose reluctance in normal circumstances to take industrial action which would damage the community is well known, should have seen their relative position decline so dramatically.

"But the patience and dedication of these workers has been exploited. The Government must recognise that injustice."

The claim is for a £60-a-week minimum wage. Average full-time weekly earnings are at present £64.65 for men and £46.52 for women. Part-time earnings are £20.60 and £19.41.

Boilermakers recommend token action

THE EXECUTIVE of the Boilermakers' Society has recommended to its members in the shipbuilding, ship repair, and marine engineering industries that they stage a half-day token stoppage on December 15.

The recommendation is in response to a call from the European Metalworkers' Federation for a "day of action" to demonstrate opposition to the EEC's plans for reorganising the European shipbuilding industries.

هكذا من الأصل

CITROËN INCREASE FAMILY ALLOWANCES.

The Citroën CX Familiale is the first eight seater vehicle that neither feels like, looks like, nor drives like a bus. So at last the driver who on occasion needs a large passenger carrying capacity has a civilised and economical alternative to either a second car or public transport.

PASSENGERS OR PARCELS?

The Familiale's seating is arranged in three rows. Two bucket seats in the front row, three individual bucket seats in the second row and a bench seat for three in the back row. And it is a pleasant surprise to discover that all the seating is of the same exceptionally high standard that has made CX a byword for comfort.

Of course if all the seating were fixed and static, the Familiale's carrying capacity would not be used to the full most of the time. Happily this is not so.

The entire back row folds flush down to the floor. So the Familiale can instantly be turned into a five seater estate car with greatly increased luggage space.

A TOUGH CUSTOMER.

Seats apart, the Familiale is identical to its stablemate, the CX Safari Estate. Those who are familiar with the Safari will know just what good news that is. But for those of you who don't, it means that you can load well over half a ton into the Familiale, arrange it any way you wish, and still the car will remain level. As a result roadholding remains outstanding whether the Familiale is fully loaded or not.

This, of course, is due to Citroën's unique hydropneumatic suspension. All four wheels are independently suspended, and height correctors automatically adjust to ensure the car remains at a constant height from the road. This system makes for a superlatively comfortable ride even over the roughest roads. The self-levelling aspect of hydropneumatic suspension also ensures trouble-free towing up to 1¼ tons, as the tow-bar is kept at a constant height, minimising the possibility of its touching the road on sharp hills and dips.

QUIETLY DOES IT.

When it comes to interior refinements, estate cars are more often than not the poor relation. This is not true of the Familiale. Comprehensive soundproofing ensures that any noise inside the car is due almost entirely to its occupants. It is sumptuously carpeted throughout, and for upholstery there is a choice between luxurious jersey cloth and tough hardwearing Boxline, ideal for sweet loving children and mud loving dogs! The front seats recline fully and have adjustable detachable headrests. The driver's seat is also height adjustable.

VariPower steering is standard, making the Familiale a completely effortless car to park even in the most confined spaces. But VariPower also has a unique advantage over other power steering systems.

The steering gets progressively firmer with increasing feel as the Familiale goes faster, so long distance high speed cruising is much less tiring.

Another relaxing feature for the driver is the imaginative yet sensible fascia layout. All the instruments and the comprehensive array of warning lights can be seen at a glance and immediately understood through the distinctive single spoke steering wheel.

A TOUCH OF CLASS.

Performance too, puts the Familiale into a totally different class. Top speed is a swift 108 mph. Getting there is simple, especially with the optional C-matic transmission. Yet petrol consumption is quite extraordinarily low for such a big car. For example, you can confidently expect to achieve 30.7 mpg (9.21/100 km) at a constant 56 mph (90 km/h).*

SAFETY FIRST.

Since so much of its time will be taken up carrying lots of people, there are safety features in abundance. Fully-powered disc brakes always ensure full braking efficiency. Both front and rear ends are energy absorbing, helping to prevent damage reaching the rigid passenger compartment. In harness with its surefootedness, these features make the Familiale one of the safest cars ever seen on the roads of Britain.

A word of reliability. Underneath the Familiale's classic lines is a ruggedness of construction easily the equal of that found in its uglier competitors. Major services are only required every 10,000 miles. In addition, like every CX imported into Britain, the Familiale is given an extra thick underbody seal to keep the British climate out.

All in all, the Familiale is arguably the best family car it is possible to buy. Because, with its uniquely flexible seating arrangement, it can take on any number of shapes and sizes. Just like families.

CITROËN CX FAMILIALE.

CX 2400 SUPER FAMILIALE ILLUSTRATED [illegible]
CX 2500 DIESEL SUPER FAMILIALE [illegible]
CX SAFARI 5-SEATER ESTATES. 2400 SUPER [illegible] 2500 DIESEL SUPER [illegible]

CITROËN

PERSONAL EXPORT, H.M. FORCES AND DIPLOMATIC SCHEMES AND PREFERENTIAL FINANCE SCHEME [illegible] YELLOW PAGES FOR THE [illegible]

LOMBARD

Industry and the no-fight funds

BY ANTHONY HARRIS

IT IS some years now since brokers were in the habit of complaining that the institutional investors behaved collectively like a lot of sheep. Their *experiences in the great crash* and rebound of 1974-75 have taught them *not to stampede* so readily, and nowadays it is currency speculators who are accused of herd instincts. However, this is not so much a matter of courage as of one brute fact. When dollar holders want to switch, they can normally find central bankers only too willing to buy. The institutions can not collectively dump British industry, *though*: there are no buyers.

Gilts market

In another sense, the institutions may still appear quite *sheep-like* to the cynical observer. Sheep can be made to go where you want them to go by barking at them. The institutions may have run a relatively even-tempered equity market in recent years, but in the gilts market they still had some freedom of action: they could be more or less enthusiastic about playing their part in providing new funds for the ever-voracious Government. Their mood swings produced the cycle known as the Grand Old Duke of York.

Earlier this year, however, Ministers started grumbling about surrendering their powers to the young men who write brokers' circulars, and there was the merest hint of a growl about *direction of funds as one possible cure.* Since then funding has proceeded month by *month* in an amazingly orderly way, *though not perhaps at the yields* the Treasury would have wished.

It is worth bearing this psychological background in mind when *considering the possible Labour* line of attack on the institutions *in their equity financing role.* The TUC wants a proportion of *their funds channelled to* industry through a special fund—*not a Government fund, but a* new monster with tripartite management.

The proposal may appeal to the weaker side of institutional psychology—no risky decisions, a national role, and even a proposal that one role of the fund would be to make a market for institutions which wanted to sell out.

A lot of these undramatic bodies are essentially non-solutions to non-problems: but the danger of the TUC proposal, or any possible attempt to pre-empt it, is that we would get a non-solution to a real problem. The reluctance of the institutions to get involved in management issues (with the recent exception of a *few of the biggest*) is a major problem of the post-war British *economy.*

It explains why the take-over *bidder* has been the only effective way to get rid of bad managers, so that as fast as we have found better managers we have loaded them down with oversized companies. It also explains the repeated flight of institutional money into land, with unproductive and ultimately disruptive results. This has started again. And the TUC is certainly not *insulting the institutions* when it says that they do not *know how to take a management* role. It is simply playing back *the institutions' own propaganda* on the subject.

This propaganda, which is basically a statement about the *limitations* of investment managers, who are untrained to run industry, is beginning to wear a little thin. The big institutions, as the TUC acknowledges, are beginning to stir themselves. However, just as this development begins to look promising, the Government has re-launched the silly idea of outlawing insider trading.

This could prove a blessing in disguise: for if it provokes a move to make a visible separation between the dealing role and the shareholder role, it might also produce some better ideas than the TUC's on how the shareholder role should be discharged.

Self defence

The first point that ought to become *evident is that the* provision of new capital is only *the margin of the problem.* It is as true of financial as of *physical capital that our central* problem is not so much to *provide more as to get more out* of what we have. The second point might be an admission that the institutions, which are collectively locked in, are largely *locked in individually.*

The details are for experts, but one can guess the general lines: a management trust, to hold what is acknowledged as a permanent shareholding. This would forfeit the right to deal and receive management information in return—a sort of institutional NEB, with good investment-bank management. It might represent more than one institution, and would bid for new money on the basis of its own performance, which would certainly be better than that of a tripartite fund. If some such imaginative self-defence results, I hope that the TUC's threat is taken seriously.

Fatsia, mahonia and winter cherry

GARDENS TODAY

BY ROBIN LANE FOX

EARLY DECEMBER, at the best of times, is a poor season for gardeners. The warm autumn, this year, has confused us all. The bedding plants can hardly be pulled up when still at their best. The ground was too dry for bulbs to be chiselled into it. Now, it has been frozen hard for too long. If you are caught with tulips still in brown paper bags, do not be too *worried about planting them* at this late date. I doubt if they have *missed* much. Narcissi are another matter. I confess to some *unplanted bulbs of the lovely* double *Irene Copeland*, one which *you should hunt out if* you do not know it.

These ought to have replaced some summer hyacinths, or galtonias, six weeks ago but the hyacinths were flowering too strongly to be ready for the move. It has been a fine year for these autumn bulbs. I am impressed too, by the strength of the pink wrinkled petals of the Nerine or Guernsey Lily. The thermometer has been eight below, even in my working hours, but their heads of flowers have hung on despite it. There was a time when we all were told to consider them half-hardy.

No such doubt has ever *attached to the three best reasons for taking the garden seriously at this season.* None is an unfamiliar plant, least of all to Londoners. But at a time when *many of you may be wondering* what to order from a nursery in order to make the most of a newish garden, especially a town garden, I think it worthwhile grouping them together and reminding you why they are such a god buy. The fatsia, the mahonia and the winter cherry would, in fact, stand prettily together. They are fun over a long season and that is a great virtue in any plant. It so happens that my three are at their best now.

Most Londoners see *fatsia* quite often, though not everybody knows what it is. About five feet tall, it is that upright shrub whose leaves resemble a fig-trees's, darker, evergreen and more highly polished. At this time of year, you will know it by its milk-white spikes of indistinct flowers, held in an open head above the leaves. The flowers are curious, but not exciting. The excitement lies in the shape of the leaves. These are at least a foot wide, notable in winter and easily matched with a contrast to their forward fig-like shape. Outside a town, *your fatsia might suffer in a* severe frost if planted in the *open.*

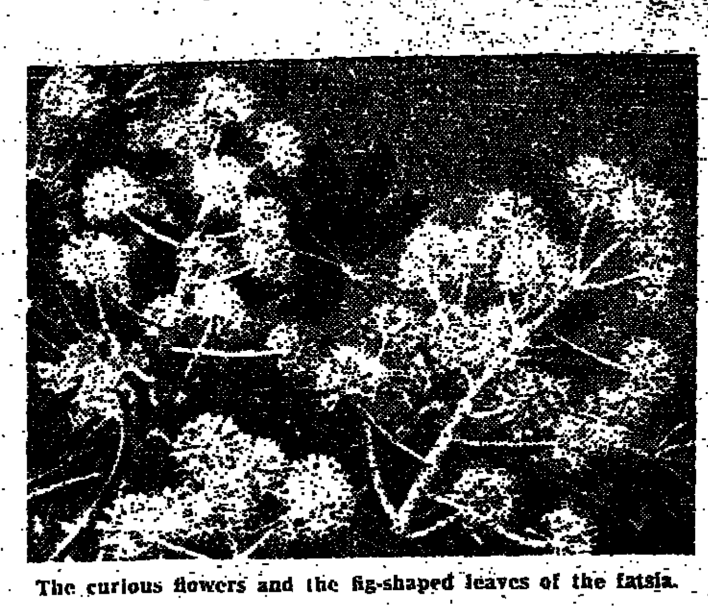
Found in Japan, it first made its name as a house-plant, till town gardeners took it up. But if you put it against, say, a west wall, you are most unlikely to have any trouble. As an evergreen, it is one of the few plants worth *looking* at in winter. I cannot see that the variegated form, prized by collectors, is worth the money. Fatsias should be dark green, bold and upward-spreading. You can then plant a shrub with horizonal lines beside them. Here, of course, my second choice comes into its own, the invaluable *Mahonia japonica.*

Enough has been written about this queen of winter evergreen shrubs *for me only to* remind you of its delicious scent, like a lily of the valley's, and its flat and spreading shape, such a fitting contrast to the fatsia. A fatsia and three mahonias, well spaced, would cheer up any dank and shaded wall in winter. But it is less well known that we owe this fine shrub to *a chance discovery*, an incidental gain for which we should be thankful.

Throughout the Empire, Victorian planters had always been alert to the value of moving crops from place to place. For Indian farmers, tea-crops were tantalizing, so hunters were sent into China to gather China's tea-plants and bring them back into British India. The attempt, in the end, was a failure; the blends remained in different *regions.* But on the way, we gained three small sprigs of *mahonia*, begged by the great Mr. Fortune from Chinamen *who thought it a source of healing.* Better a mahonia than *another thousand acres of China* tea; nobody, I think, has bothered to see if *mahonia in* fact has any medicinal properties. Yet from Fortune's three springs, our stocks must all trace their descent.

Among or near bold, upright fatsias and a prickly and *horizontal mahonia, you could* well place something lighter, a haze of white blossom, perhaps, *for* which you should look no further than the good *old winter* cherry. At maturity, this is no tree for the wall of a house. Winter cherry, given time and space, will one day spread out to quite a canopy of branches. But its season makes it a tree for any self-respecting small garden; where else can you pick flowers in November and March, from one and the same plant? *Prunus subhirtella autumnalis* is the one variety worth buying. Watch how the stalks of its flowers grow longer and larger *as the winter advances.*

At first, your cloud of white *blossom lies almost flat against* the branch. Then, in March, its second season, you will find the flowers hanging on stems, almost as if they were pendants. Bushes of winter cherry are on sale too, a useful alternative if you are short of space. But essentially, this is a tree which should rise out of a lower planting or stand out against a dark background. Its cloud of white winter flowers is only interrupted by frost which browns the buds. The last fortnight, then, has spoilt it. But the branches can be picked and brought indoors when the buds are still tight. In spring, you *can expect a second burst in* milder weather. There are few *bright spots in an early winter* garden. But the winter cherry *is such a charming and persisent* plant that it alone can take the edge off this miserable weather.



The curious flowers and the fig-shaped leaves of the fatsia.

Richard Head sends three North for better going

RACING

BY DOMINIC WIGAN

RICHARD HEAD who has been able to do little with his string in the last two or three months, because of the bone-jarring ground on the Lambourn gallops, heads North to-day in search of better going. He sends three to Ayr.

In the afternoon's most valuable event, the three-mile Dunure Chase, he sets punters a tricky problem by saddling both Stublick and Village Thief. Ron Barry is on Stublick and reigning champion Jonjo O'Neill is aboard Village Thief.

Although Stublick, arguably one of the leading three-mile chasers in the country, is fully entitled to top weight of 12 st 2 lbs, I shall be surprised if Village Thief, with the benefit of a previous run, does not come out on top this afternoon. He is the selection in the absence of the in-form Fury Royal gelding, Roystar.

Head is represented in the Fisherton Hurdle by that consistent six-year-old, Share.

He, too, should go well, but I doubt that he will prove up to giving 11 lb to Chris Thornton's Yorkshire challenger, Bobby Kempinski, the conqueror of Cleo's Asp at the last meeting here.

A year ago Gordon Richards lifted the Vulmidas Trophy through Sea Count and many are likely to back his consistent seven-year-old, Lord Greystoke, to do the trick this time.

Ron Barry's mount was always struggling to keep on terms with that illustrious recruit to chasing, Night Nurse, in the Embassy Premier Chase qualifier at Newcastle three weeks ago, and at the finish was a long way adrift of the former Champion hurdler.

Although the Penrith gelding was shaken off more easily than *many who had seen him give* weight and a comfortable *beating to Slag Party in a handicap* chase at Carlisle 10 days earlier *expected, I have little doubt that* he was attempting an almost *impossible task.*

In the belief that he will be far more at home in today's company and over the *minimum* trip, I take Lord Greystoke to *get back on the winning trail with* a win over the somewhat disappointing *Brawny Scot.*

A second possible winner for Richards and Barry is The Parch, who goes for the closing event, Div. II of the Lagg Novices' Hurdle.

At Fontwell, where Galahad II is narrowly preferred to another recent winner, Pardon, for the Rank Challenge Cup, I shall not look beyond Upton Bishop in Division II of the Worthing Novices' Hurdle.

AYR

12.30—Willrac
1.00—Lord Greystoke*
1.30—Bobby Kempinski
2.00—Village Thief***
2.30—I'm a Driver
3.00—The Parch

FONTWELL

1.15—Glanfield
1.45—Galahad II
2.15—Grand Trianon
*3.15—Upton Bishop***

TV/Radio

† Indicates programme in black and white

BBC 1

12.45 pm News. 1.00 Pebble Mill. 1.45 Over the Moon. 2.00 Delia Smith's Cookery Course. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Wally Gator. 4.25 Jackanory. 4.40 Animal Magic. 5.05 John Craven's Newsround. 5.10 The Moon Stallion. 5.35 Ludwig.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide
6.45 Are You Being Served?
7.15 The Rockford Files
8.05 Secret Army.
9.00 News
9.25 The Fall and Rise of *Reginald Perrin.*
9.55 Sportsnight.
10.55 Tonight.
11.35 Woody Allen in conversation with Iain Johnstone.
12.10 am Weather Regional News

All Regions as BBC 1 except at the following times:—

Wales—5.10-5.35 pm Bilidowcar. 5.55-6.20 Wales Today. 6.45 Heddiw. 7.10 Fo a Fe. 7.40-8.05 Tomorrow's World. 12.10 am News and Weather for Wales.

Scotland—5.55-6.20 pm Reporting Scotland. 12.10 am News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 9.25-9.55 Spotlight on people in Northern Ireland. 12.10 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

10.20 am Gharbar
10.45 Parosi
11.00 Play School (as BBC 1 3.55 pm)
5.35 pm News on 2 Headlines
6.20 Cricket, First Test, Australia v England (highlights).
6.50 Michael Strogoff.
7.45 Mid-evening News.
7.50 The Story of English *Furniture*
8.15 The Money Programme (report from Brussels).
9.00 M*A*S*H
9.25 Play of the Week
10.25 My Kind of Movie. The Rt Hon Edward Heath on "Kind Hearts And Coronets"
10.30 Arena *Cinema in India*
11.15 Late News.
11.30 Closedown talk

LONDON

9.30 am Schools Programmes. 11.00 The Mackenzie Affair. 11.55 Beany and Cecil Cartoon. 12.00 The Adventures of Rupert Bear. 12.10 pm Daisy, Daisy. 12.30 *Sounds of Britain.* 1.00 News, plus FT index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon. 2.25 Disappearing World. 3.20 You're Only Young Twice. 3.50 ...

9.00 Edward and Mrs. Simpson.
10.00 News.
10.30 Mid-week Sports Special
11.40 Late Night Theatre.
12.35 am Close: A *painting by* Degas with music by Berlioz.

All IBA Regions as London except at the following times:—

ANGLIA

11.00 am The Last Hunters. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.25 pm Anglia News. 2.00 Houseparty. 3.20 The George Hamilton IV Show. 5.15 Mr and Mrs. 6.00 About Anglia. 11.40 Chopper Squad. 12.35 am The Big Question

ATV

11.00 am Our Business Is Fun. 1.20 pm ATV Newsdesk. 3.25 The Practice. 5.15 You're Only Young Twice. 6.00 ATV Today. 11.40 Richie Brockelman. 12.40 am Inside Business.

BORDER

11.00 am The Last Hunters. 11.40 Oscar. 11.55 The Old Sweet Sugar Doughnut. *1.20 pm Border News. 2.00 Houseparty. 3.20 Second City Revue. 5.15 Border. 6.00 Lookaround Wednesday. 11.40 Power Without Glory. 12.35 am Border News Summary.

CHANNEL

12.55 pm The Beachcombers. 1.18 Channel Lunchtime News and What's on Where. 5.15 Emmerdale Farm. 6.00 Channel News. 6.10 Arthur. 10.28 Channel Late News. 11.40 S.W.A.T. 12.30 am Epilogue followed by News and Weather in French.

GRAMPIAN

9.25 am First Thing. 11.00 The Last Hunters. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.20 pm Grampian News Headlines. 3.20 The Rolf Harris Show. 5.15 Emmerdale Farm. 6.00 Grampian Today. 10.35 One of Those Things We Do Awfully Well. 11.15 Barnaby Jones. 12.10 am Reflections. 12.15 Grampian Late Night Headlines.

GRANADA

HTV

... Headlines. 2.00 Help Yourself. 3.20 The Electric Theatre Show. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 11.40 The New Avengers.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.20-4.45 "Rydw" I am Fe!. 6.00-6.15 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

SOUTHERN

TYNE TEES

ULSTER

WESTWARD

YORKSHIRE

BBC Radio New Wavelengths

RADIO 1

RADIO 2

RADIO 3

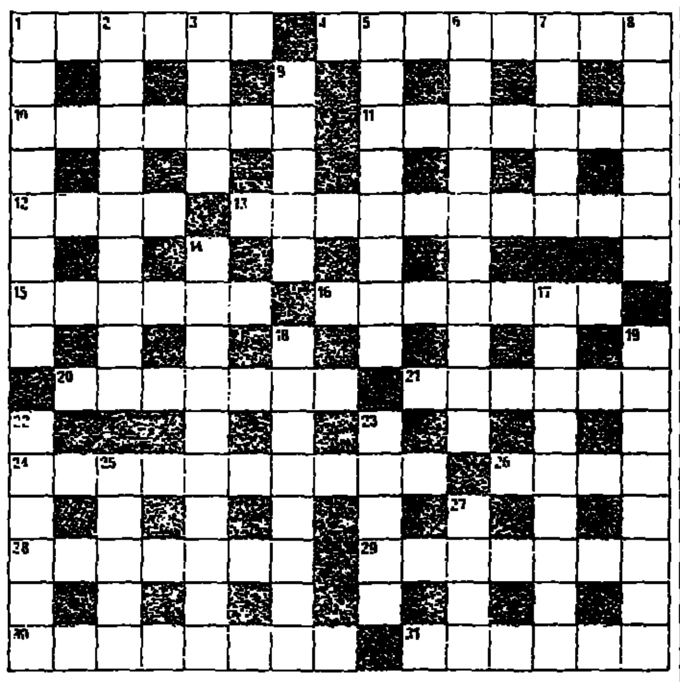
RADIO 4

BBC Radio London

London Broadcasting

Capital Radio

F.T. CROSSWORD PUZZLE No. 3,841



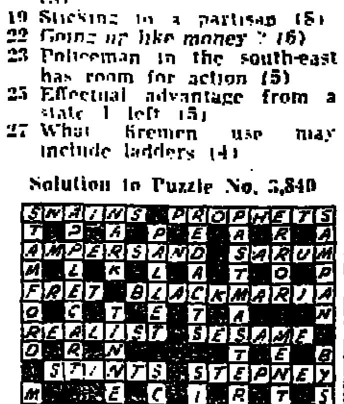
ACROSS

1 Catch-word of the Salvation Army? (5-5)
4 Where one may see stilts and tree remain still (3-5)
10 Beginning? That's capital (7)
11 Rodents going round carry off germ (7)
12 Support remainder and pause (4)
13 Toy for pastime Aran follows (5-5)
15 Work doggedly with a Pole or 1 across (6)
16 Trouble to telephone romantic (7)
20 Pardon girl about home (7)
21 Innate in food we hear (6)
24 Divide cost of security quotation (5, 5)
26 Call for one ode (4)
28 Without enough illustration (7)
29 I'd to go in to prove supply (7)
30 Indulgent to the French bombast (8)
31 Soldiers posted take ill (6)

DOWN

1 Food supplier has to tarry with soldiers on ship (8)
2 Gunners in attack in downpour (9)
3 Soldiers I'd follow to attack (4)
5 Celebrity or what the would-be beaut queen should have (8)
6 Variety of cane chairs that should be sweet (10)
7 Morning to our loved one (5)
8 River going to sea it could be thought (6)
9 Ship in rising pools (5)
14 Courageous goalie may have to watch the birds (10)
17 Account of a vicar in natural surroundings (9)
18 Good man to encourage fish (8)
19 Sticking to a partisan (8)
22 *Going up like money?* (6)
23 Policeman in the south-east has room for action (5)
25 Effectual advantage from a state I left (5)
27 What firemen use may include ladders (4)

Solution to Puzzle No. 3,840



ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the Box Office.

OPERA & BALLET

THEATRES

THEATRES

CINEMAS

The Management Page

EDITED BY CHRISTOPHER LORENZ

Jason Crisp on how government help turned an Irish lecturer into a businessman

Ireland's boost for entrepreneurs

ARE YOU one of those people who—from time to time—dreams of becoming an entrepreneur and starting up your own business? Do you dream of never working for someone else again? And there, but for the finance, go you?

If the answer is yes, then be prepared to envy Michael Peirce, who until this summer was a lecturer at Trinity College, Dublin, and is now managing director of his own new company, which is aiming for sales worth £250,000 in its very first year.

As with so many business developments in Ireland, Peirce's project owes much to the intervention of the Industrial Development Authority. The IDA is probably best known for its ability to attract foreign investment to Ireland through a package of attractive grants and tax relief. But encouraging indigenous industry is just as much part of its work.

A survey of new Irish-sponsored enterprises set up over a five year period which was conducted by the Authority found that there were *few first-time* entrepreneurs coming from Ireland's professional, technical and management base.

It suggested that there were two major barriers preventing such people from embarking on business on their own. First, a manager with a good idea and little money would find it very difficult to raise the finance from commercial sources.

The second point is that, as in other countries, the manager is locked into his present job because it is secure and relatively well paid; he will usually be supporting wife, children and mortgage, and would therefore not be able to afford the risk of becoming an entrepreneur.

Crucial

Michael Peirce says determinedly that he would have started without the IDA. He feels he would not have had too much problem borrowing from the banks, and if not from them, he would have raised it from private individuals. But when in response to its study, the Authority announced its Enterprise Development Programme just over a year ago, Peirce was one of the first applicants.

He is the first to admit that he has been able to raise far more money with the IDA's support than he would have otherwise, and that this level of financing could well be crucial in the difference between success and failure.

His newly formed company, Mentec, shortly moves into its own 6,000 square foot factory; *this is capable of being trebled.* It will become Ireland's first indigenous process control manufacturing and consultancy venture.

Although Mentec is offering its services in a fairly wide range of activities—including relatively traditional consultancy work, including inventory control and management reporting—the main core of its work will be in setting up production control and monitoring systems in process plant, using microprocessors and mini-computers. It will provide the hardware as well as the expertise, and will manufacture circuit boards which form part of what the computer men call "*interfaces*" *between pieces of* equipment.

One obvious irony, in the short term at least, is that Mentec, supported by the IDA—whose main function in life is to create new jobs—will include among its activities the installation of automated equipment.

Peirce graduated in production engineering from Trinity College, Dublin in 1964 and took his master's in Industrial Relations. He joined ICI as a trainee engineer and rose to plant engineer, rejoinining Trinity College in 1970 as a lecturer in the school of engineering.

In 1973, together with Robert Ardill, another Trinity graduate and now a co-director of Mentec, he was awarded a grant by Ireland's National Science Council to study computer aided manufacture. It was, he says, a fairly typical university/industry liaison; they looked at uses of microprocessors and mini-computers in factories and "on-line monitoring systems." In the course of this research, which continued for several years, Peirce and Ardill introduced monitoring systems for several companies, including Semperit.

Up till now companies in Ireland wishing to install control systems for process plant have had to rely on firms in the UK and North America to fly in the expertise. Peirce's rationale was that there was no reason why this should not be tackled by the Irish themselves.

He points out the cost advantage of using local skills, not least because of lower travelling expenses. More important, he says, companies should be much happier to know that there is a service back-up within easy reach.

He cites three main factors in the way he set up his company. First and foremost was his perception of a particular commercial opportunity in the field of micro-processors and mini-computers, which required manufacture as well as consultancy.

Secondly, he could see the IDA's Enterprise Development grants coming—a year before they were announced, he claims, *and this provided the key to his* timing.

The third point was that he was feeling restrained within his existing environment. Although he is quick to defend Trinity, he is critical of academia in general for being slow to capitalise on the "highly intellectual" problems of microprocessors and their applications—though he does cite some notable exceptions in the UK.

Certainly, the financing deal which Peirce secured with the IDA is an attractive package. It is a joint venture with a share capital of £40,000, of which £20,000 is from the IDA, giving it a 49 per cent stake. The remaining 51 per cent is held by Peirce, who put in £15,000, and Ardill with £5,000. Part of the agreement is for them to buy the IDA out within seven years, at par.

Moratorium

Mentec has raised a £130,000 loan from the Bank of Ireland, of which £40,000 is guaranteed by the IDA, and a debenture on the fixed and floating assets. But on this loan, which is for seven years with a two year moratorium on capital repayment, the IDA is subsidising the interest to the tune of 5 per cent.

Michael Peirce: starting a new career.

Such are the benefits the company gains through being part of Enterprise Development Programme. It is also still eligible for all the normal IDA grants. This means Mentec will be receiving a 45 per cent grant towards the £185,000 cost of buildings and equipment.

According to Peirce there was little problem in raising the bank loan; in fact, all three banks approached made an offer. This was due not only to the financial security offered by the IDA but, he believes, also due to a general pressure on banks to help small business which is being partly orchestrated by the IDA.

An interesting reflection on the way banks assess projects is Peirce's claim that they simply did not understand the sort of work he was proposing. The IDA, he said, was much more capable of assessing the project than were the banks. "Most of them would understand about data processing but they really aren't switched on to engineering."

BUSINESS LAW

Arbitration and the Third World

Arbitration clauses are too often the least concern of negotiators of large international contracts. They leave it to the lawyers to "tidy up afterwards." This is bad practice when dealing with industrialised countries, but quite reckless when dealing with the developing world, Dr. Albert van den Berg, of the TMC Asser Institute of International Law in The Hague, points out some of the pitfalls.

SIGNATORIES to contracts who come from developing countries no longer automatically accept that arbitration must take place in the country of the Western party. They insist that instead, it should be in their own countries. This immediately raises a number of problems.

First of all, the law of the country in question should provide that any arbitration agreement will be respected by the courts who will not have the power to query the judgment. Secondly, the country should preferably be a party to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958. This convention facilitates the recognition of arbitration agreements and the enforcement of awards.

Thirdly a reference to one of the many specific Arbitration Rules—of the International Chamber of Commerce, for example—is almost indispensable since many of the developing countries have neither the laws nor institutions to provide for the appointment of arbitrators and arbitral procedures.

It is useful to agree that the 1976 Arbitration Rules of the United Nations Commission for International Trade Law (UNCITRAL) are applied. These rules have been designed for worldwide use, by arbitration experts from developed and developing countries and are proving useful because of their neutral character. In January 1978 an almost identical set of rules was adopted by the Inter-American Commercial Arbitration Commission (IACAC), which maintains a network of national offices throughout the Western hemisphere.

For disputes arising out of investments, it is worth considering arbitration under the 1965 Washington Convention on the Settlement of Investment Disputes Between States and Nationals of Other States. This has been ratified so far by 72 states, including many developing countries, but none from Latin America. Under this convention the foreign private investor and the host country can agree that disputes shall be submitted to the International Centre for the Settlement of Investment Disputes (ICSID), located at the World Bank in Washington. The arbitration is then solely governed by the provisions of the Convention and excludes any interference by the local courts. Another advantage is that an award made under the Washington convention is directly enforceable in the contracting states.

In many countries of Latin America, the basic difficulty is that the *legislator regards arbitration* as a rival of the courts, or as interfering with national sovereignty. One of the major obstacles is that even when arbitration was agreed in the contract, the other party may refuse to submit to it when a dispute arises. Though most of the Latin American countries provide that a court can be asked to order the unwilling party to submit to arbitration, this is not so in Brazil and Venezuela — where arbitral clauses are therefore of dubious value.

Another problem of Latin America is that for certain matters arbitration is not admissible. Bolivia, Ecuador, Colombia and Venezuela for example, do not allow arbitration concerning investments and transfer of technology, but in Peru, another Andean Pact country, investment arbitration appears to be possible, provided that it takes place in that country.

Another problem is that of appeal against the arbitral award to a local court both on issues of facts and law. Many Latin American countries allow parties to exclude such appeals by agreement. But such contracting out of the judicial review is not possible in Colombia which also forbids foreigners to act as arbitrators.

Though only Argentina, Chile, Peru and Mexico have some experience in arbitration, the advantage of arbitrating in Latin American countries may be that if the Latin American party loses the case, enforcement will have more chance of success than would a foreign award. This is because only Chile, Ecuador, Mexico and Cuba have adhered to the New York Convention of 1958.

The situation in Africa is that almost all arbitration laws of the African countries are copies of either English or French law, depending on their previous colonial status. The arbitration laws of Malagasy Republic, Algeria, Zaire, Senegal and Tunisia are very close to French law, and that of Ghana to English law. Nigeria, by contrast, has adopted only a summary of the English Arbitration Act of 1889.

An entirely new and modern arbitration law, prepared by French experts, was enacted by Ethiopia in 1960. Egypt also introduced a new and better arbitration law in 1968, but care should be taken in arranging the appointment of the arbitrators.

Many African countries have adhered to the New York Convention of 1958. These include Botswana, Central African Republic, Egypt, Ghana, Malagasy Republic, Morocco, Niger, Nigeria, Tunisia and Tanzania but none has an institution which administers arbitration. In cases of dispute referral should be made to the UNCITRAL Arbitration Rules. It should be said that the courts of Algeria, Ghana, Tunisia, and Egypt show a favourable attitude towards international commercial arbitration. In the other African countries the courts have generally little experience in handling arbitral *matters.*

Of the Middle Eastern countries, only Israel, Lebanon and Syria have adequate arbitration law. A fairly modern system can be found in Iran and, to a lesser extent, Kuwait, but in Saudi Arabia it is only now being drafted. In some countries, like Iraq, even an arbitral clause referring future disputes to arbitration is invalid. None of the Middle Eastern countries has an arbitral institution and only Egypt, Kuwait and Syria adhered to the New York Convention of 1958.

Israel—a country with an extensive arbitration practice—also did so and introduced an entirely new and advanced arbitration law in 1968.

In the Far East, India has excellent arbitral institutions. Foreign parties should, however, be careful when agreeing with Indian parties to arbitration outside India: Indian courts have recently shown dislike of arbitration abroad, arguing that it may prove too expensive for Indian parties. Arbitration in Indonesia is also well developed and an institution has recently been set up for arbitration in foreign trade, called BANI. *More or less developed arbitration* systems can be found in Sri Lanka, Pakistan and the Philippines.

China has established two arbitration commissions well-equipped for arbitration of foreign trade and maritime disputes. Their leading concept is "friendly negotiation," which has a great resemblance to conciliation. If this is unsuccessful, arbitration, virtually identical to that in the West, takes place and the arbitration commissions take great care to ensure the impartiality of the arbitrators.

In other developing countries of the Far East arbitration laws are insufficient and there are no proper arbitral facilities. However Sri Lanka, Khmer Republic, the Philippines and Thailand have adhered to the New York Convention of 1958.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● DATA PROCESSING

Project to build a rugged terminal

JOINT sponsorship is being given by the Department of Industry and the Ministry of Defence to an unprecedented project for a feasibility and marketing study leading ultimately to the development of a low-cost universal shop floor data terminal.

Originating in one of REME's workshops, the idea is for the design and manufacture of a simple device which will provide the input to a complex production control and scheduling system, and a study contract to lay the foundations for the project has been placed with Automatic Revenue Controls of Watford, Herts.

Senior staff from this organisation are looking at the project from two viewpoints: firstly engineering input, that is the data to be captured, the environment, communications techniques and the attitudes of the user; and secondly, market size.

In the latter sector, industries needing such equipment will be identified and the market absorption rate determined. Both the DoI and ARC believe the two sectors have to be explored very thoroughly if a really successful product is to be designed and sold.

One of the innovations in the study is that potential users are being asked to define exactly what type of equipment they could be looking for and what level of cost they would think justified for the equipment meeting their needs.

While ARC already has a good deal of experience in designing terminals of various kinds, to produce a device which will cover a very big range of uses demands a great deal of information input to the design team.

But even now, though the project has been in hand for only a few months, the project leaders are talking in terms of equipment that will cost hundreds rather than thousands of pounds per unit and be able to stand up to the toughest of plant environments. Inevitably, considerable use will be made of microprocessors. Export potential is high.

Further information from Automatic Revenue Controls, Shakespeare Industrial Estate, Watford WD2 5DH. Watford 44300. Market enquiries should go to Mr. Peter Lockett and engineering queries to Mr. Clifford Osborne.

Plans for action listed

SIGNIFICANT PROGRESS was reported at the recent meeting in Brussels of CECUA, the Conference of European Computer User Associations, towards obtaining full representation of user associations within the member countries.

Of particular importance to user organisations, it was decided, are: social implications of computing, data privacy and security, telecommunications, standards and portability, maintenance, small systems and small users, education and training, and contractual terms.

These subjects were discussed with officials of the European Commission and it was agreed that experts would be made available on each topic, for consultation with the Commission, by the members of CECUA. The latter also discussed with Commission officials, progress on the proposed EEC quadrennial programme for computing.

It was agreed that communication with CECUA should be through the national members and that these channels would be open to other user bodies on an individual country basis.

Each country is represented at CECUA by a single national user body. The National Computer Users Forum represents the UK.

Further from NCC on 061-228 6333.

Study of Europe's needs

SYSTEM DYNAMICS has been selected by the Commission of the European Communities to carry out a study of future applications of computers in Europe.

Mr. F. J. Kennedy, joint managing director of the group, is the study project team manager.

Objective of the study is to identify potential application areas which may be considered for support by the commission under the multi-annual programme of the Data Processing Policy adopted by council in July 1974.

System Dynamics, 72 Merrion Square, Dublin 2. Dublin 784701.

● MATERIALS

Seals holes under water

HIGH VISCOSITY, two component epoxy coating free of solvents may be applied to wet surfaces or underwater and will cure reliably without shrinkage.

Quentsplass Underwater has excellent adhesion to metal, concrete, timber and other structures. When cured, it withstands high mechanical stress and is resistant to fresh and salt water, oils, effluents and sewage.

It can be used for applying on wet surfaces that cannot be dried and structures partially or completely submerged in the water, either as a gap filler or as a coating. Types of areas where it can be used are concrete foundations, sheet piling walls, pipelines, tanks, marine craft and concrete drainage ditches.

Sealing concrete on river and canal embankments, reservoirs and storage tanks is a further series of possibilities.

It protects the waterline zones that are particularly liable to corrosion and gives surface protection to structures on land, especially the concrete and mortar foundations of buildings.

Different application techniques have been devised for applying to wet surfaces, waterline splash zones or underwater.

Quentsplass, Thorp Arch Trading Estate, Wetherby, West Yorkshire LS23 7BZ. 0937 843388.

Cuts static electricity

BUILD-UP OF static electricity in carpets made from synthetic fibre can occur on the body during walking and give an unpleasant kick when a person makes contact with earthed fittings in the same room.

One answer is an anti-static yarn developed at the International Wool Secretariat's Centre in Ilkley, Yorkshire. It is being produced by A. W. Hainsworth and Co. of Pudsey, carpet yarn spinners and marketed by Bekaert of Belgium.

The fine worsted thread is made from 95 per cent wool and five per cent steel fibre. The thread is incorporated into the carpet yarn in amounts to keep steel content down to about 0.25 per cent—too little to be visible but enough to prevent build-up of a charge due to the presence of the conducting strands

Suitability needs to be measured against expense however: the steel fibre costs about £70 per kg and adds between 15 and 20 pence to the price of a square metre at the manufacturing stage.

Further from Wool House, Carlton Gardens, London SW1Y 5AE (01-930 7300).

Keeps fire at bay

JUST MARKETED in London and the home counties is a multi-purpose rockfire board called Alohire from Bingley, Son and Follit, Millbank Works, Minerva Road, London, N.W.10 (01-965 4631).

This is said to be especially suitable for fire-proofing structural steelwork as it is tested to BS476 part 8. It is asbestos-free, lighter than usual panels, and available in conveniently sized panels with alternative thicknesses and thermal resistances.

The board accepts all types of laminates, says the company, and can be used on walls, ceilings and for composite panels and door cores. It is easily cut and fixed, and can be simply decorated with either paint or wallpaper.

● SAFETY

Health hazard lessened

NOW BEING manufactured under licence in Britain is an incinerator from America where it has been used in hospitals, veterinary establishments and pharmaceutical laboratories to give a clean burning programme.

Because it works on the "starved air" principle, with the result that waste is reduced to a sterile ash, the unit is said to be capable of burning waste and also its own smoke so thoroughly that it can pass the strictest pollution laws in the UK and U.S.

To protect the operator during loading a special device is built into the unit, which is presently being used by the Manchester Area Health Authority for handling 300 lbs an hour of infectious waste from isolation wards in a local hospital.

It is also proving very effective in dealing with high proportions of plastics which are often present in particular types of waste, says the UK licensee of the Beverley-COMTRO, Beverley Chemical Engineering, Billingshurst, Sussex RH14 9SA (040 381 2091).

● STORAGE

Protects the materials

PRESENTLY under construction is the Grain Power Station in Kent which when completed will have an output capacity of 3300 MW (roughly the equivalent of seven Battersea power stations), making it one of the largest oil-fired power stations in Europe.

As an alternative to renting off-site storage, and paying related transport costs to and from the main site, the Central Electricity Generating Board has found the answer in the use of three Gourock Airhouses.

Two of these are linked together to protect various types of insulation materials for use in the construction of the power station's boilers. Each airhouse measures 60 metres long by 20 metres wide and has a height of 8 metres.

The third, and largest airhouse is 70 metres by 30 by 10 metres high, and is fitted with shelving and racking for smaller components used in the construction of turbines, condensers and piping systems.

All the airhouses are inflated by electrically driven fans, each supplemented by a diesel driven standby fan which cuts in automatically in the event of a power failure — although that is considered unlikely at the site involved.

Vehicle access to these storehouses is via power-operated overhead airlock doors, the largest of which is 4.27 metres square. In addition, all have personnel entrance airlock doors and standby emergency exits.

The anticipated minimum life of the airhouses is eight years but, says the maker, there is no reason why, under normal conditions, a life of 15 years or more should not be achieved. Installation on a prepared concrete base is normally completed within five days and inflation of the structures takes only 15 minutes, after which they are immediately ready for use.

Sole UK manufacturer is Clyde Canvas, 92, Bay Street, Port Glasgow, Renfrewshire, Scotland. (0475 41261).

● COMPONENTS

Rotary furnace drives

FOLLOWING the successful installation of a substantial number of rotary furnaces and allied process equipment over the last three years, Tolltreck has decided to make available a range of fully-engineered drive trains, as used in such furnaces, which can be supplied on a sub-frame.

Each consists of a drive motor, electro - hydraulic coupling, change speed gear box, electro-hydraulic brake, reduction gear boxes and output shaft and pinion. The drive trains are engineered for easy maintenance and adjustment and are delivered complete with all flexible couplings and safety/protection devices.

Suitable for all large items of rotating equipment, for which girth gears or pin wheels are required, from 1.5 to 4 metres in diameter, the drive trains cover 2.5 to 30 HP and can be equipped with variable speed drive.

Tolltreck has also introduced a range of support and/or thrust roll sub-assemblies. Installed on slipper(s) for ease of maintenance, the sub-assemblies are engineered for loads varying from 2.5 to 25 tonnes.

Tolltreck, Priory House, Friar Street, Droitwich WR9 8ED, Droitwich (09057) 5661.

● PROCESSING

Fast blending machine

HIGH OUTPUT, rotational cube blending equipment has been introduced by Accrapak Systems, Risley, Warrington, for the uniform blending and colouring of thermoplastics.

Accracube Model 3000 incorporates a 2.1 metre (7 feet)-cube mixing chamber having a blending capacity of around 3,500 kg (3½ tons). The mixing cube is rotated about diagonally-opposed corners by a braked motor drive. Control facilities available with the blender include rotary "inching" of the mixing cube in forward and reverse directions.

To ensure operator safety during blending, the cube and associated drive are enclosed by a guard fence with interlocked safety gates.

The blender is supplied complete with a pneumatic material feed and take-off system and has been designed for easy clean-down and visual inspection.

The first Model 3000 installation was recently commissioned at the Wigan factory of Archer Plastics where running tests have shown that it is capable of uniformly blending 3½ tons of polymer in 15 minutes. Charging of the blender can be accomplished in a little over one hour.

Accrapak Systems, Taylor Industrial Estate, Risley, Warrington WA3 6BL. Culcheth 4994.

● IN THE OFFICE

Produces copies at faster rate

PLAIN PAPER copier, the Nashua 1215, is being introduced to the UK early in 1979 with a more comprehensive specification than the 1210 model it replaces.

A 25 per cent faster speed of 15 copies per minute, and the larger power pack, lens and mirror system from the more expensive copiers in Nashua's 1200 series provide better copy quality.

First copy time is 5.5 seconds, with subsequent copies every four seconds, which makes the 1215 a faster copier to use in typical office environments than copier/duplicators of twice the rated speed but longer warm-up periods.

The copy counter, once set, will remain constant for however many originals there are in that particular job. As soon as the copier is switched off, the counter returns to "1" to save the possibility of wasted copies by the next user.

Other features include an adjustable paper cassette to take a variety of paper sizes from A5 to B4, a raised edge platen for easy book copying, an electronic "brain" that automatically adjusts the print process to cater for light or dark originals, and automatic shut-off to save electricity when not in use.

Nashua Copycat, Copy House, Bracknell, Berkshire, RG12 1ET. Bracknell (0344) 54391.

Will cut the clatter of machines

PROMISING MORE silence in offices containing computers, word processing and telex machines, etc., are two ranges of acoustic screens now being marketed by Delpha Systems (UK), 56, Chiswick High Road, London, W4 1SZ (01-995 8301).

The Panorama has anodised aluminium-framed screens with side members and can be joined together by a flexible connector. One face is padded and button quilted.

The second range, Apollo has upholstered edges and may be joined into a continuous run by means of links and receivers, supplied as optional extras. These are padded on both sides and can be supplied with or without button quilting on each face.

All are covered in hessian from a range of 43 colours, of which eight are flame retardant as standard.

● ELECTRONICS

Pulls pints accurately

DATEX department of the Finnish company Instrumentarium Oy has developed a piece of electronic equipment that makes dispensing and selling beer more rapid and accurate. The Metos "Beermatic" can be attached to existing equipment and it has a degree of accuracy of plus or minus 1 per cent compared with various mechanisms in use in Europe and the United States which provide only plus or minus 5 per cent.

Operation is by opening a tap and pressing a button. Beer starts flowing and passes through a valve which gives impulses to the counter.

The counter is preset to counts corresponding to the required measures. Once the count has been reached, a magnetic valve stops the beer flow. At the same time the counter records what has been drawn and the flow meter resets to zero.

By turning a service key the dispenser is made to work like a normal hand-operated tap and the counter does not register. Service key is used when washing the equipment or when maintenance is being carried out.

Finnish Industrial and Economic Central Organisations, Yrjonkatu 13, 00120 Helsinki 12, Finland.

Micro work approval

LATEST firm to be placed on the Department of Industry's list of authorised consultants for MAPCON (microprocessor applications) is Base Ten Systems of Aldershot.

Under MAPCON terms a refund of up to £2,000 of the costs of approved consultancy work will be made to end-user companies seeking professional assistance on the potential for micro applications in their own manufacturing units. In addition, support is being offered for products and processes involving the applications of micros.

Further about Base Ten's particular service, which is called Micro-Design, from the company at Unit 3, Lower Farnham Road, Aldershot, Hampshire GU12 4HV (0252 312911).

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FINANCIAL TIMES SURVEY

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Nordic Banking and Finance

Looking for a new order

By William Dullforce
Nordic Correspondent

The international recession of recent years has shaken up the Nordic economies and there is increasing pressure for a less controlled approach to financial markets. Industrial companies need new capital, but there is controversy over how the supply of funds should be organised.

THE INTERNATIONAL recession has revived within the Nordic bloc old arguments about political steering and control of the financial markets.

In at least three of the four countries some liberal bankers and economists appear to feel that the time is ripe to resume the challenge to the credit rationers and interest fixers and to push the case for a return to freer, market-orientated systems. In some cases they have the support of their central banks.

The principle that the movement of money should be controlled and directed to politically desirable purposes has become firmly entrenched in the social-democrat countries of Northern Europe since World War Two.

The current pressure for liberalisation is tentative, by no means concerted at the national level and has already run into political opposition — but it remains one of the most interesting developments on the Nordic banking scene.

To some extent the revival of liberal ideas can be attributed to the internationalisation of the Nordic banks, as their foreign business has expanded since 1973, but there are more fundamental reasons.

The recession has underscored the dangerously top-heavy superstructure of the Nordic welfare states, in which the growth of social services over the past two decades has outstripped the productive base. The need to expand, and in some instances to re-organise, industry is now strongly felt in Denmark, Finland, Norway and Sweden alike.

But this need raises the question of capital formation and the allocation of resources. It also focuses attention on the provision of risk capital for industrial companies, which confront the challenge of new foreign manufacturers at the same time as their own capital generating capacity has been eroded by the social charges laid on them.

The introduction of credit controls in Norway, Sweden and Finland was primarily motivated by the demand for cheap housing finance: in the more liberal Danish atmosphere this demand led to the expansion of the mortgage bond market. Housing requirements and the demands of farmers for cheap finance also resulted in the low interest policies adopted in most of the Nordic countries.

Industry was not neglected. In all four countries it experienced an unprecedented expansion in the 1950s and 1960s and even profited from the low interest policy but industrial investments were increasingly subject—advantageously to begin with—to the credit rationing imposed by the governments and central banks.

Centrally-controlled, planned investment of this type is inevitably *production-orientated*, a factor which had little significance while there were expanding domestic and foreign markets for most Nordic industrial products.

Competition

Now, however, many typical Nordic branches—shipbuilding, steel, metals, shipping, and even cars and forest products—face tougher competition from new producers, operating with lower costs.

It has been estimated, for instance, that 15 to 20 per cent of Sweden's industrial capacity can be knocked out by this competition: at the same time Swedish companies' capacity to generate their own funds has fallen from three quarters of investments in the 1955-59 period to one-third in 1974-76.

There is a question both of how capital is to be raised and how it can be channelled to those campanies or branches which can use it most effectively.

The liberal argument is that the new challenge to Nordic industries calls for a capital allocation system which is more sensitive to consumer demand, at home and on foreign markets.

The capital formation problem is recognised among the social-democrat parties and the union movements but the solutions proposed are for the most part rather different.

The Swedish unions want a part of company profits to be diverted as new share capital to employee funds, which would be collectively owned and administered. The Norwegian labour movement believes that the revenues from North Sea oil should be invested under state control.

The presentation given above is admittedly schematic and over-simplified. It ignors the variations in attitude and historic development among the four countries. But it is fair to say that the world recession has brought these countries to a point where they will have to decide in which direction to move from their present financial systems and institutions, either towards even greater planning and central steering or towards methods which would give more play to market forces.

The issue is, of course, political and the answers may not be the same from the four countries. Denmark will be influenced by developments within the EEC. In Sweden much will depend on the result of the general election in September which could return the Social Democrats to power and then on the vigour with which they would push the trade unions' plans for employee share-holding funds.

In Finland the situation differs because of the relative independence and influence on national economic policies of the Bank of Finland. Here the combination of a strong governor and a highly skilled staff currently produces a seemingly effective allocation of funds. Norway has the most rigidly controlled financing system and the first effort to render it more supple has already run into trouble.

Developments in Norway this year in fact illustrate well the struggle between the forces of liberalisation and control. At the beginning of the year an Act came into force under which politically elected members obtained majorities on the banks' representative boards. In December in a liberalisation measure the Bank of Norway abolished its interest rate regulations in the hope of improving the efficiency of the credit market and promoting the establishment of a functioning bond market.

The interest rate decision has not had the desired effect, partly because the banks were confused by the central bank's simultaneous warning that they should not try to push rates up too fast and partly because the supply and demand of credit were still regulated. Similarly, the bond market has seen little change because [illegible] still [illegible] and [illegible] obligations [illegible] parties [illegible]. Finally, in September the Government's price and wage freeze was extended to lending rates.

Most significantly the Bank of Norway's action provoked strong reaction not only from the trade unions and within the ruling Labour party but also from the Centre and People's Christian parties, traditional strongholds of the low interest rate philosophy. The result is that Norwegian bankers are now waiting for reports from two committees, one hastily assembled to study interest rate policy and due to report next October. The other, a group of experts appointed by the Monetary and Credit Council, will report in March on the structural problems of the credit market, which prompted the Bank of Norway to drop interest rate controls.

Controls

This committee will most probably support the Bank of Norway's line by concluding that recent developments on the financial markets have been in the wrong direction and that it is time to re-think both the means and goals of Norwegian monetary policies. This will add to the pressure on politicians to liberalise the system. Experience suggests that the political response is likely to be the appointment of a public committee to examine the issue and make recommendations and the final result could just be a change in political opinion.

Similar confrontations over monetary policy and controls can be traced in all the Nordic countries with the possible exception of Finland, where the banks appear to have a more conformist attitude and to be mainly concerned with reducing the penalty rates at which they have to borrow from the Bank of Finland. The outcome of the renewed debate is vital for Nordic private bankers not only for what might be called ideological motives but for a strictly practical reason: the banks' importance on the national finance markets has been gradually eroded over the past two decades, a development which may have been veiled recently by the boom in the bank's foreign business in connection with the financing of the Nordic countries' expanding payments deficits.

One effect of centralised credit rationing in all four countries has been the proliferation of new financing institutions and funds, many of them with a specific political objective, to meet the demand for credit which is not being satisfied through the traditional (and now controlled) channels. In many instances, these funds are purveyors of subsidised credits.

In Norway the expansion of the state banks at the expense of private banking is well documented and has reached a point at which the Bank of Norway and some senior Government ministers see the need to reverse the trend. In Denmark a private mortgage bond market has developed alongside the four authorised mortgage credit institutions and is now in fact being organised by the private banks. It has also become a typical reaction for an industrial or commercial association to meet its members' funding requirements by founding a financing organisation of its own to raise credit, generally on foreign markets.

In Sweden one of the potentially most important events of the year was the report of the government-appointed Capital Market Commission published in January, almost a decade after the commission's foundation. If its majority recommendations are implemented, it could open the way to a typical Swedish compromise between the liberalisers and controllers, providing in large measure for market-orientated systems and the continuation of a mixed economy.

The commission highlighted the need for a boost to industrial investment, which would simultaneously call for an increase in both private and public savings. The commission's thinking was most clearly demonstrated in its approaches to the roles of the National Pensions Fund, which now dominates the Swedish capital market, and the stock market.

It wanted the present relending facilities of the Pensions Fund to be revamped, so that companies would have to compete more sharply for funds, and it accepted the stock market as an effective instrument for allocating capital resources, whose role should be extended. These recommendations can be seen as a victory for the liberalisation lobby but at the same time the commis-

CONTINUED ON NEXT PAGE

THE SHARES MARKETS

Renewed interest

THE NORDIC shares markets are small and, with the relative exception of the Swedish, have not functioned as major sources of capital. According to a compilation in the Swedish Capital Market Commission's report the ratio of share capital to national GNP in 1976 was 14 per cent in Sweden, 9 per cent in Denmark and 5 per cent in Norway: this compares with ratios of 28 per cent in Britain and 34 per cent in the U.S., where of course the public sector is far smaller. (These comments apply to shares: the mortgage bond market dominates the Danish financial system.)

Recently, the Nordic markets have been at an ebb with low share prices, reduced turnover and little new issue activity apart from at the Copenhagen exchange, which has seen a splurge of new issues in the first half of 1978. It is perhaps not surprising that shares markets should be relatively insignificant in an area of the world, where Social-Democrat parties have dominated and socialist thinking has prevailed within a mixed economy philosophy.

Now, however, the shares markets are at least edging back into the spotlight of public discussion. The Swedish Capital Market Commission advocated an expansion of the Stockholm stock exchange as a source of risk capital for industry. In trying to conclude its deal to buy 40 per cent of Volvo, the Swedish automobile company, the Norwegian Government has had to promise to stimulate activity at the Oslo stock exchange.

Reasons

There are very good reasons why even Socialist governments are taking a fresh look at the possibilities of the stock markets. All four countries need to renew and repair their industries at a time when the recession has taught them that sharpening competition on foreign markets has enlarged the business risks. Savings have to be generated and channelled into risk capital for new ventures and expansions. New industries and new products have to be developed.

In planned economies the entire operation could be conducted within the public sector but for small countries, whose standards of living depend on trade with market economies there are obvious dangers in too rigid planning. Many pragmatic socialists in the Nordic bloc recognise the advantages of allowing market forces to determine the flow of risk capital to industry. To do this they have—albeit in wasted and crippled shape—instruments to hand in their stock exchanges.

In all four countries tentative action has been taken to better the lot of share investors and more has been promised, but the political opposition to the revival of such a typically "capitalist" institution is very strong. Developments within the Nordic stock exchanges over the next few years might well read as a kind of litmus reaction to the direction in which the Nordic societies are moving, because the share markets' future has again become part of the general political debate.

Those championing a greater role for the Swedish, Danish, Norwegian and Finnish stock markets in the national economics focus on two very contentious political issues, profits and taxation. They point out that there is no chance of revitalising the stock exchanges as long as the return on investments in shares is lower than on other forms of savings. To reverse this situation listed companies have to generate larger profits and the double taxation on income from share investment, which is common to the Nordic countries, has to be eased.

Both these suggestions strike at the very heart of the beliefs of the committed socialists in the Nordic labour movements. Already the Norwegian Labour Government has had to postpone measures to stimulate the Oslo stock exchange because its trade unions made the postponement a condition for accepting the Government's wage and price freeze. A bill which would create investment companies or mutual funds for small savers has been submitted to the Finnish parliament but is not being debated because the Social Democrats, whose leader heads the coalition Government, cannot steel themselves to vote for it.

The most detailed recent study of the situation of a Nordic stock market and the most sophisticated proposals for stimulating it have come from the Swedish Capital Market Commission which reported in January. Mr. Torsten Carlsson, general manager of Skandinaviska Enskilda Banken, wrote a study of the Stockholm share market as an appendix to this report and returned to the theme in a recent article in his bank's quarterly review.

His description of the present status of the market shows a falling rate of return on listed companes' equity capital over the past 12 years and a deterioration in companies' solvency ratios, notwithstanding large rights and bonus issues in 1975 and 1976. Current average yields do not meet the returns available on other forms of saving and the market values company equity at barely half the adjusted book equity.

In the current discussion within Sweden on employee participation in companies' capital formation through wage-saving or profit-sharing schemes a political dividing line has developed between those who want a fund system compatible with the market economy, allowing employees to become individual owners of shares, and those who want to strengthen trade union influence through funds based on collective saving and management. The resolution of these political differences will determine the future role of the Swedish shares market.

But if private shareholding is to be stimulated, there must be changes in tax regulations to improve the conditions for investment in shares compared with real estate placements or insurance investment. An increase in the deduction people can make on their income tax returns for "income from capital," say, from the present SKr 800 to SKr 5,000, has been proposed. A change in capital gains tax so that it covers only net sales of shares rather than reinvestments in shares is another suggestion.

The Capital Market Commission suggested that insurance company investment in shares be stimulated by raising the limit for their investments in any one company from five to 10 per cent of the voting rights. It also foresaw an increase in share investments by the National Pensions Fund, proposing that it also be limited to 10 per cent of the stock or voting rights in any one company.

STOCK EXCHANGE FIGURES

	Stockholm SKr	Copenhagen DKr	Oslo NKr	Helsinki FM
Turnover, 1976:	2.15bn	353m	249m	137m
Turnover, 1977:	1.75bn	259m	194m	126m
New issues, 1976:	1.4bn	931m	384m	290m
New issues, 1977:	360m	429m	329m	30m

In the Copenhagen stock exchange the shares market is completely overshadowed by the bond market, while investment in shares is dominated by the institutions, the insurance companies, banks and the Workers' Pensions Fund which puts 15 per cent of its income into shares. Private investors look to the bond market where yields are much better.

At the end of 1977 the nominal value of the bond market was DKr 270bn ($54bn) and by the end of October this year it had reached DKr 315bn. This compares with a nominal value of DKr 12.2bn for shares at the end of October. The yield on the bonds averaged 17.34 per cent at that time while the effective yield on shares was 5.68 per cent. Turnover in bonds in the first 10 months of this year totalled DKr 11.2bn, up DKr 1.7bn from the corresponding period of 1977, while the shares turnover for the same period was DKr 253m.

Tax

At present a private investor in shares pays 50 per cent capital gains tax, if he sells his shares in less than two years and a 30 per cent coupon tax on the dividend. Bonds carry no coupon and no capital gains tax. Under these circumstances shares carry little interest for the private investor and companies seek elsewhere for extensions to their equity. In fact those coming to the market with new issues are mostly young, growing companies, seeking an introduction.

It was thought that Denmark's entry to the EEC in 1973 would stimulate foreign investment in Danish shares and some investors did move in while the shares were cheap and before prices had been coordinated with EEC levels. But foreign interest has inevitably moved to Danish Government bonds.

The shares market did receive a boost from the new Stock Exchange Act in 1972 which had the effect of opening up the market. Turnover rose sharply that year and the underlying trend since has been upwards. But as with other Nordic markets the Copenhagen exchange is hampered by the division in political attitudes towards shares investments. From time to time proposals to encourage savings in shares have been made but have not borne fruit in the Folketing (parliament).

One positive factor has been the expansion of share-holding by company employees.

Turnover in shares at the Oslo stock exchange collapsed from over NKr 1.7bn ($360m) in 1973 to NKr 194m last year at the same time as the general share index tumbled from around 180 to 70. The three main elements generating this development have been the decline in company profits, the bursting of the boom in oil company shares when it became apparent that the government would strictly limit the involvement of private Norwegian companies in North Sea oil development, and the shipping crisis which has deprived the market of one of its major sources, shipowners' capital.

Now the deterioration in industrial companies' solvency ratios — the need to stimulate risk-bearing equity capital have also been recognised by the Norwegian Labour Government. Proposals by the Finance Ministry to improve conditions for shares investment were abandoned this year, when it needed to get trade union backing for its wage and price freeze.

In the pipeline had been plans to extend the obligatory capital placement on banks and insurance companies to shares (a Bill providing for this has been submitted to parliament), to invest national pension fund capital in shares, to ease company taxes and to change regulations on dividend incomes. These would have gone a considerable way to meet the recommendations of the Oslo Bourse Commission, which has also called for measures to encourage the issue of convertible bonds, changes in regulations for investment companies and easier access for foreign capital to the Oslo exchange.

The Government has indicated that it will return to its proposals in 1980, when the wage and price freeze is lifted. It is strongly motivated to do this by its desire to complete negotiations for the purchase by Norway of a 40 per cent interest in the Swedish car company, Volvo. Under the original agreement half the new share capital should be subscribed by private investors.

The Government has recently persuaded the three leading Norwegian banks to underwrite a NKr 300m issue of shares and debentures in the new Volvo (Norway) Holding Company with the ultimate intention of spreading the shares on the market.

The growth of the Helsinki stock exchange has been limited by the traditional concentration of private savings in bank deposits and by the large share of outside capital in company investment. Turnover reached a peak in 1973 when trading amounted to Fm 291m ($70m), of which Fm 204m was in shares but since then share prices have fallen and turnover in 1977 was Fm 100m lower.

The stock exchange board has been seeking further tax reliefs for shareholders, who currently pay a wealth tax on the shares they hold and income tax on all but the first Fm 1,000 of dividend income. It has concentrated though on getting parliament to legislate in favour of investment funds, which, it is hoped, would increase investments in shares by small savers and bring on to the stock market new companies seeking investment fund capital.

The investment fund bill, however, requires the votes of the Social Democrats, who for the time being do not seem to be inclined to give it their backing.

William Dullforce

Order

CONTINUED FROM PREVIOUS PAGE

sion recognised that private savings would be inadequate and it proposed that new forms of public saving be instituted. This would open the way for some form of collective wage-earner funds, if not in precisely the form proposed by the trade unions.

The Capital Market Commission pointed out firmly that industrial expansion called for a higher level of profits and of profit-retention in manufacturing companies. By implication the social charges on company profits would have to be eased. In its reasoning on this issue the committee touched two of the most sensitive areas in the current arguments about the financial systems of the Nordic countries—profits and taxation. In each case the commission's conclusions gave hope to the liberalisers in Sweden.

However, one must raise the question of the real impact of the commission's report. Its long period of gestation had aroused great expectations and its conclusions were spiritedly debated and commented on immediately after publication but in recent months references to it in official policy statements and in public discussions of financial and economic matters have been remarkably few. Its promise to be the basic reference work for debate over the future of the Swedish capital market has not so far been fulfilled.

Any attempt to describe the present arguments within the Nordic countries over their financial markets moves from the particular or technical (interest rate regulations, credit ceilings) to the general or political, underlining the truism that the future working conditions of Nordic bankers depend in the final run on political decisions. The international recession has shaken up the Nordic economies. The shake-up has revived debate about the efficiency of the money and capital markets which in turn offers opportunities to those who are not satisfied to influence developments. Whether those opportunities are being fully exploited is another matter.

NORDIC BANKING AND FINANCE III

SAVINGS AND CO-OPERATIVE BANKS

Important changes in recent years

TWO IMPORTANT components of the Nordic banking scene, the savings banks and co-operative banks, have been going through significant transformations in recent years. The changes have been partly defensive, designed to halt and reverse the decline in their share of bank activities, but amendments to legislation, which have brought their operating conditions almost completely in line with those of the commercial banks, have also enabled them to move on to the offensive and to challenge the commercial banks in their traditional homeground of business finance.

Both groups have now reached an interesting stage in their evolution. Largely by mergers they have created larger units, become more effective and are now offering customers a wider range of services. Their operations have become considerably more sophisticated—the Finnish and Danish savings banks, for instance, were among the pioneers of data processing in Northern Europe—but particularly over the past two years there has been growing emphasis from within both movements that the banks must not lose their traditional profiles or their close contact with local communities and authorities.

Reaction

This counter-trend echoes the political movements within the Nordic countries towards decentralisation of authority and industry and in search of new life styles. More practically it can be seen as a reaction to the problems the savings and co-operative banks are meeting in expanding their spheres of operation at a time when central banks are applying tighter credit restrictions and investment demand is falling. The new legislation also imposes heavier demands on their capital bases, which in turn means they are under pressure to generate larger profits in difficult times.

To a foreign visitor the tension apparent, particularly within the savings banks' movements, lends them a flavour and a dynamism of their own. Savings and co-operative bankers also seem to retain the sense of operating in national family units. They appear to be more prone to long-term planning and speculation than the commercial bankers, who tend to be engrossed with daily business. The difference is intriguing.

In one field, however, where the savings banks and even the co-operative banks are pushing ahead to carve out their own share, this difference is less obvious. The foreign operations of both groups have been expanding fast, mainly through the central banks they have set up to serve as their own clearing houses but also through some of the bigger savings banks, who have gone into international markets in their own right. Foreign business is currently the most vigorous growth point for both sets of bankers.

The central banks are effectively commercial banks, most of them staffed by young personnel, who have not infrequently been recruited from the commercial banks. Nearly all of them have been expanding their foreign and securities departments in this way. The more aggressive atmosphere in these central banks adds to the creative tension with the member banks out in the sticks.

One of the most striking developments on the Danish banking scene this year has been the growth of a savings bank, Sparekassen SDS. Its half-year report lifted it into third place among the Danish banks, measured by the balance sheet. *Forged from the merger* of three regional savings banks in 1973, SDS took off after the 1975 Act gave the savings banks similar operating conditions to those of the commercial banks. By the middle of this year its balance sheet was close to Dkr 20bn ($4bn), it held deposits of almost Dkr 14bn, its half-year earnings were 34 per cent ahead and it was on target for final 1978 earnings of around Dkr 300m.

SDS's performance highlights the recovery of the Danish savings banks even if it cannot be taken as typical of the whole movement. It illustrates the growth through merger, which has cut the number of savings banks from over 500 to 170 in the past two decades, and the effort put into staff training as the foundation for the banks' move into fields which were once the commercial banks' prerogative.

The thrust into foreign business is also characteristic. SDS now has a foreign department of 50 employees, of whom two-thirds were recruited from other banks. This team negotiated foreign loans valued at some DKr 300m in the first half of this year, contributing substantially to the bank's profit growth. Last year SDS made its mark on the international markets when it took up a DKr 394m loan to strengthen its equity base.

SDS is one of two banks which dominate the Danish savings bank movement. The other, Bikuben, with deposits of around DKr 10bn and a balance sheet of some DKr 13bn, has a different structure, being an amalgamation of many large and small savings banks spread nationwide. It does its foreign business through Faellesbanken, the savings banks' central bank. In contrast to these two giants the 70 smallest savings banks together hold deposits of less than DKr 10bn.

Bikuben is noteworthy for another reason, the customer democracy which is a distinguishing feature of the savings bank movement. Of the three forms of administration open to the savings banks under the new act Bikuben chose the open guarantor system. In three years it sold guarantee capital, which counts as equity, for DKr 300m distributed among 35,000 guarantors.

Growth

The Swedish savings banks have gone through a similar concentration phase to that of the Danish banks with the number of banks declining to 190 from some 485 in 1920. The current year was marked by the merger of two large banks, Stockholm's Sparbank and Länssparbanken, to form a unit with a combined balance sheet of around SKr 7bn ($1.6bn). The dynamo of the Swedish movement is Sparbankernas Bank, which has been competing aggressively for commercial and industrial business with the commercial banks and enlarging its foreign operations.

The Swedish savings banks hold about a third of total bank deposits, a proportion similar to that held by the Danish savings banks. This year they have experienced a substantial deposit growth and a much-needed improvement in profits. Difficulty in maintaining their equity ratios is a problem they also share with the Danes.

The Finnish savings banks have been working to a 15-year moderaisation programme for the 1970-85 period, of which one target was to reduce the number of banks to 38. They are now down to 280 and a more realistic target for 1985 might be 150 banks. Resistance to mergers has been hardened by the success of the savings banks' rationalisation plan which has enabled the local banks to become more efficient and to attract more local business.

The Finnish banks have had a steady rise in their market share since 1973, have been hitting their targets for deposit growth and for the moment they have no difficulties with costs developments, which have been a bane for some years. Profitability is better this year but like their Scandinavian colleagues the Finnish savings banks still operate at profit levels which are lower than those of the commercial banks and need to guard their equity ratios.

The Finns have been having some success in taking over the financing of small- and medium-sized businesses, an objective which is also aimed at by the Norwegian savings banks, which are financing an increasing share of local industry. The Norwegians' prospects have been enhanced by the amendments to the Savings Banks Act which came into force at the beginning of this year. About a quarter of the Norwegian banks' loans currently go to industry and trade. In Norway the savings banks have traditionally dominated in lending to agriculture.

The co-operative banking movement in the Nordic countries is considerably more varied than the savings banks. In terms of deposits it is strongest in Finland where the co-operative banks hold a good 20 per cent of total bank deposits. By the same measure the Danish *co-operative bank is responsible* for just under 8 per cent and the Swedes for roughly 7 per cent. In Norway there is only one small co-operative bank, strictly speaking, but the farmers and fishermen each have their own bank.

Historical development and organisation also vary greatly. The Finns started by founding Okobank, their central bank, in 1902 and the real expansion of the local co-operative banks came after Finnish independence in the 1920s, when the banks were allowed to take deposits from non-members. In Sweden the banks started as rural credit societies and are now organised into 12 regional co-operative banks, for which Föreningsbankerna Bank (FBB), established in 1958, acts as a central bank. In Denmark the co-operative bank, Andelsbanken, was founded in 1925 after the failure of the first Danish co-operative bank and after a very chequered history it has now become the country's fourth largest commercial bank with a stock exchange listing.

Advantages

The Finnish co-operative banks have also gone through a long phase of consolidation and fusion—from 940 banks in 1945 *to some 370 now*—but the process has been more a result of natural evolution than in the case of the savings banks. The advantages of the independent local bank, able to take its own immediate decisions, have been emphasised, although this attitude may also be linked to the fact that a large part of the co-operative banks' lending is still to private individuals. Farming, forestry and the agricultural industries have remained the main field of activity, even after changes in legislation allowed the co-operative banks to offer complete banking services.

Okobank, however, has been steadily emerging from the role of clearing bank for the movement into the status of a fully operative commercial bank.

Andelsbanken, the Danish co-operative bank, has already advanced further both towards full commercial bank activity and in the international markets; during 1977 it participated as underwriter or as a member of the selling group in 139 Eurobond issues. This year it was the first Danish bank to set up in the Cayman Islands to boost its currency lending to Danish companies. Traditionally, it finances a considerable part of Danish agricultural exports.

The bank is a limited liability company with its shares quoted on the Copenhagen stock exchange since 1975. It has 93,000 shareholders, the largest number in any limited liability company in Scandinavia.

"Andelsbanken is different" has been the slogan for the bank's recent publicity campaign, which discreetly plays down its co-operative background and emphasises its image of a democratic institution offering personal service. It has in fact experienced faster deposit growth, especially last year, than its competitors.

The same applies to the *Swedish co-operative banks*, which in 1950 when they were still called rural credit societies accounted for only 1.9 per cent of bank deposits in Sweden. Last year they reached 7 per cent with most of the growth coming since 1974, when they changed their name to co-operative banks.

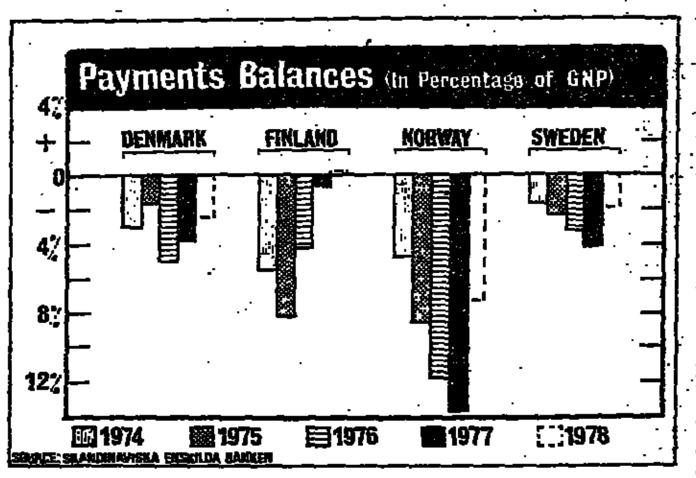
W.D.

Economic policies

THE NORDIC countries are not always as uniform in their institutions and methods as the rest of the world supposes, but over the past couple of years their economic and financial policies have been converging. They have experienced in common substantial payments deficits, growing foreign debts, widening deficits on their state budgets and sharp rises in Government borrowings at home and abroad.

The emphasis in economic policy has switched to stabilisation and deflationary measures as the international recession has prolonged and each government in turn has concluded that small countries cannot spend their way out of a lengthy depression. Finland and Denmark acted on this precept earlier, which helps to explain why they now have the highest unemployment rates.

In August, 1977, Sweden's new non-socialist Government devalued the Krona and clamped down on domestic consumption after having tried unsuccessfully to continue its predecessor's expansionary, empolyment-stimulating approach. Finally, in September this year the Norwegian Government, recognising that it could not continue spending oil revenues in advance to keep the economy buoyant, brought in a 15-month wage and price freeze.



Similarities

Common to the four countries have been declining or stagnant industrial production and large payments shortfalls, both of which have been blamed not only on the weakening in foreign demand for their products, but also and primarily on the high manufacturing costs of Nordic companies, which have prevented them from competing in prices.

This situation led to a succession of devaluations in 1977 and the beginning of this year, frequently with an individual Nordic country's decision imposing partial devaluation on others because of the size of inter-Nordic trading. The payments deficits, the pattern of which is illustrated in the accompanying diagram, have been covered by foreign borrowing, which in turn has led to swift advances in the Nordic countries' foreign debts.

Norway's net foreign debt, grossly swollen by the investments needed to develop the North Sea oil resources, had reached 44 per cent of its GNP by the end of 1977 and is expected to total some NKr 100 bn ($21.3bn) by the end of this year. The corresponding net debt figures at the end of 1977 were 22 per cent for Finland, 19 per cent for Denmark and 14 per cent for Sweden.

The amortisation of these debts has now become a prime factor in the national economic policies. Strategies vary but in all cases state borrowing on the international markets has been stepped up, in Sweden's case the state starting to take up foreign loans last year for the first time since World War One. State borrowing has also been designed to build up foreign reserves in defence of the currency and in support of the domestic stabilisation programmes.

During 1978 these policies have been bearing fruit. Rates of inflation have fallen, private domestic consumption has been held in check and in some instances declined and all four countries can show a reduction of their payments deficits. To a lesser extent the attempt to bring down manufacturing costs relative to those of other industrialised countries has also succeeded. This is particularly true in Finland, but also in Sweden, where a moderate national wages agreement has reinforced the effect of devaluation. Both the Finnish and Swedish Governments are now cautiously stimulating domestic demand again (both also face new elections in 1979).

Industrial investment has continued to fall in all four countries, most spectacularly in Sweden and Finland but in Finland at least a reversal of the trend can be expected in 1979. Norway maintained a fairly high level of industrial investment until last year but this year's lapse is almost certain to be extended through 1979. In Denmark the fluctuations have been smaller.

One area in which the Nordic countries have diverged but in which at least Denmark, Norway and Sweden have sought to maintain some measure of co-ordination has been currency policy. Denmark has stuck faithfully to the EEC currency "snake" with the result that the Danish krone with minor adjustments from time to time has followed in the wake of the rising Deutsche Mark. Norway with some misgivings has remained an associate partner of the EEC "snake." Sweden withdrew, when it devalued in August, 1977, and has since linked the value of the Krona to a trade weighted basket of currencies, a system which is also used by the Finns.

The imminent introduction of the enlarged European Monetary System or "super-snake" has prompted the Nordic countries to re-consider their currency co-operation. Denmark will remain in the "super-snake." A decision by Britain to stay out could pose problems for continued Norwegian association while the Swedes feel that the breaking of the link between the Krona and Deutsche Mark has worked so well to their advantage that they prefer to watch developments for a while before re-aligning themselves with the EEC system. However, at the prompting of Mr Anker Joergensen, the Danish Prime Minister, the four countries are now considering whether they can fashion closer links for their four currencies alongside the "super-snake."

One domestic financial development the Nordic countries have in common is the growth in their budget deficits and public borrowing requirements. The Swedish budget will show an unprecedented deficit of SKr 35-40bn ($8-9bn) this year and the Economy and Budget Minister has already warned that this level of deficit financing may have to be held for some years.

The financing of both the national payments deficits and the state budget deficits have affected all the Nordic banking systems. In general the payments deficits have helped to stimulate the expansion in the banks' foreign operations but have been accompanied by official restrictions on their domestic lending, while the budget financing has sharpened competition for savings and tended to tighten their profit margins, a development which in most cases sympathetic central banks have tried to assuage.

At this stage the attempt to describe a general pattern in the Nordic financial markets starts to break down and must give way to separate appraisals of developments at the national level.

W.D.

FINLAND

Increase in activity

THE long-awaited upturn in Finnish economic activity really started early in 1978. The pace of the revival was slow, but strong enough to introduce a tinge of optimism. This, was experienced in the banking sector, too, where close on four years of tight — at times extremely stringent—money ended with some easing of the market. But there were certain puzzling features, paradoxical trends in the new development.

The Treasury moved more widely into the domestic financial market, sopping up public funds with its new bond issues in order to balance the budget.

Yet, after a faltering period, deposits in the commercial, savings and co-operative banks began to rise again.

The Bank of Finland reduced its quotas for commercial bank borrowing at the basic interest rate, but raised their right to use the call money market. This was done twice in the current year.

Demand

Although the current account balance was increasing, the foreign exchange reserve began to shrink towards the end of the year. The basic interest rate charged by the Bank of Finland was reduced twice in the six-month period between October, 1977, and May, 1978. Even though new investment activity was stagnant, corporate demand for operating capital was strong.

New banking legislation was introduced during the year and becomes effective on January 1, 1979. The law amending the Commercial Bank Act is actually a codification of existing practice.

Foreign banks may open representation offices or establish new banks in Finland, but may not open branch offices. They can acquire up to a 20 per cent interest in Finnish credit institutions. All this has been possible earlier, but from 1979 such steps will require the permission of the Bank Inspectorate and the Ministry of Finance instead of the Bank of Finland.

For Finnish banks a maximum solvency level is set for new establishments abroad. No more than 35 per cent of a bank's equity may be invested in financial institutions—and of this only 20 per cent may be placed in foreign subsidiaries.

With the relatively fast recent expansion of Finnish overseas banks, some parent banks are moving close to the 20 per cent limit and sustained expansion may require that they increase their share capital.

Under the new law, one half of the credit loss reserve of banks can be included in the calculation of their solidity, which improves the liquidity situation. The formula applied in the liquidity calculation is "own capital" times 100, divided by liabilities. Own capital is share capital, share issues, funds and profit/loss.

Liabilities are made up of half the sum of commitments plus the balance sheet total reduced by own capital, credit loss reservations and some assets and own assets, such as cash and foreign currencies.

Public sector borrowing will rise to some FM 6bn (nearly £750m) this year and at least as much again in 1979. Of this, about one-fourth had been raised in the domestic market by the end of September, 1978.

In November 1978, the Treasury floated a FM 100m bond loan for which the terms were: 10 years, interest 10¼ per cent, interest and principle tax-free.

This compares with the interest paid on bank deposits which ranges from 4½ per cent for six-month deposits to 7¼ per cent (plus a savings premium or tax concession) for 36-month deposits.

Despite this disparity, deposits grew by about 9 per cent in the first three-quarters of the current year and the growth for the whole year is estimated at 15 per cent.

Apart from the innate conservatism of the Finns who still tend to place greater credence in banks than in securities, there are other explanations for this paradoxical increase in bank saving.

An estimated 90 per cent of wage-earners have their salaries paid into a bank account. With the slack growth of private consumption and a 5 per cent increase in take-home pay in 1978, account holders seem to be leaving any surplus to immediate requirements on account.

In addition, the timber trade has gained momentum and some of the proceeds of their forest sales are being deposited in the bank by private forest owners, mainly farmers.

The maximum lending rate is 10½ per cent, the normal long-term lending rate about 8 per cent. The rate charged abroad is around 10 per cent. Hence the corporate sector (which has heavy debts in foreign currencies), is tending to pay off foreign loans and convert them to Finnmark credits.

Inflation

With inflation running at around 8 per cent a year, money is "too cheap" in Finland, according to some bankers who maintain that their profit margins are being squeezed. They consider that the basic lending rate is bound to rise again in 1979, unpopular though such a move may be politically.

For the present at least, the slackness in the demand for credit for new investment has been taken up by the growth in the demand for operating capital, loans for conversion of foreign credits and personal loans.

Thus, the money market is already tighter again than it was in the summer and the banks are now exceeding their central bank borrowing quotas by some FM 3 bn and paying a very stiff penalty rate of interest on the surplus.

The Central Bank reduced the commercial banks' credit quotas by FM 400m to FM 1bn in September. But, at the same time it increased the banks' access to the call money market where it has held the average rate of interest for overnight money down to about 10 per cent. This is less than the penalty rate for over-borrowing from the Central Bank which rises progressively.

The Bank of Finland has not spelled out its intentions, but it looks as though it is trying to phase out the quota system and replace it with the call money system. The banks have mixed views on the subject.

With the quota system they at least know what money will cost and with the call money system there is more uncertainty as the rates change overnight and even minor changes can have a considerable impact on costs.

Seen in retrospect, the events of the current year indicate a change in thinking by the Bank of Finland and some financial changes in the financial markets. How permanent these will be is far from clear.

So far, the banks are not inclined to agree with the Central Bank that within a year the deposit banks may not need the traditional quota system at all for additional funds.

The banks also want to see some improvement in their profits. The most that they will say at present is that profitability may be about the same as last year when inflation was about 13 per cent. Inflation this year has ben brought down to about 8 per cent.

Lance Keyworth
Helsinki Correspondent

NORWAY

New regulations

THIS YEAR has seen some basic changes in the conditions affecting Norway's banks and financial institutions.

The banks, for example, have begun to live with the controversial new law designed to make them more "democratic." This law took effect from January 1, and shareholder-elected members are now in a minority on the banks' representative councils (which elect their Boards). The majority is made up of members appointed by elected politicians—MPs or county councillors. Some members are elected by the banks' employees.

Another important change has been the freeing of interest rates, as part of the Labour Government's austerity drive.

A decision to abandon the traditional low-interest policy was taken last December, though the Government warned that it would reimpose regulations if rates rose too sharply. In the event, most banks increased their normal rates by only 1 to 1½ per cent.

In addition, many banks introduced schemes giving savers specially favourable rates on long-term deposits. These schemes have been a great success with the public—partly, perhaps, because for the first time in many years small savers are being given the chance to earn enough interest on their deposits to offset the effect of inflation.

The 15½-month price and incomes freeze imposed from mid-September also affects interest rates, since—while it lasts — banks are barred from charging higher rates on advances.

For the time being, therefore, rates are no longer free; theoretically, banks could still raise the rates they offer on deposits, but in practice they are unlikely to do so. The upward adjustment that took place before the freeze began has, however, already stimulated saving and will continue doing so.

While deposits have been rising, the banks have kept a tight rein on lending, in accordance with Government directives. Loans to finance consumer buying have been cut by an estimated NKr 2bn this year, and a further reduction of NKr 0.5bn is planned for 1979, according to the National Budget.

The banks have also suspended the "wage account" borrowing facility, under which customers, whose wages were paid directly into a bank account, could automatically borrow one to two months' wages without security. This suspension is to be continued through 1979.

Guidelines

In general, the tough credit guidelines introduced by the Government this year are going to be continued through 1979.

One change in credit regulations, expected to take effect from the new year, will be the introduction of considerably tighter rules concerning banks' borrowing facilities in the Bank of Norway.

The new rules will replace a temporary measure, introduced last May, to enforce reduced lending quotas. This measure was known as the "section eight" ruling, because it was authorised by section eight of Norway's Credit Act. It obliged banks exceeding their lending quotas to pay half the excess into a non-interest bearing account with the Bank of Norway — an expensive arrangement for the banks affected.

Instead of "section eight," the Bank of Norway will seek to regulate the banks' lending by regulating the liquidity it makes available to them.

Three categories of loans will be offered to banks — automatic (A); conditional (B) and special (S).

The automatic facility offered to each bank will be cheap (low interest), but strictly limited.

Banks that need additional liquidity, because their lending is growing faster than their deposits, will have to apply for "B" facility. To obtain this, they will have to hold their lending under a fixed ceiling for an agreed period of time.

The "S" facility is meant to meet emergency borrowing requirements which may crop up as a result of special circumstances. To obtain the facility, banks must convince the Bank of Norway that the circumstances really are exceptional and that they have generally striven to hold advances in line with deposits.

The new arrangement is intended to be less costly for the banks than "section eight." It is interesting because it illustrates the authorities' new attitude towards the banking sector, since the democratisation law took effect.

This law, dreaded and criticised in advance by bankers, has actually benefited them in at least one respect. It has given the Government a vested interest in maintaining banks' profit levels.

Why should a Labour Government care whether the commercial banks are profitable? The answer lies in one of the provisions of the democratisation law. This gives bank shareholders the option to sell their shares to the State, if they feel that enactment of the law has hit their interests.

Shareholders have three years (until end-1980) to make up their minds whether or not to sell.

An impartial commission is now working out the redemption price for each bank's share, based either on the market price at January 1 this year, or on the average price over the preceding three years, which ever is the higher. The first official price—for Bergen Bank shares—was announced last month.

Although the Government is prepared to redeem bank shares, if it must, its ardent hope is that most shareholders will not sell. If they do, it will cost the State a vast amount of money. Even if only a fifth of shareholders should decide to cash in their shares, the bill to the taxpayers would be around NKr 500m.

The banks also hope that their shares will stay in private hands, since they do not want to be gradually nationalised.

The banks and the Government thus share a strong interest in keeping bank shares attractive to private investors. This means paying satisfactory dividends, and that means maintaining profitability. Paradoxically, passage of the democratisation law has created a kind of partnership between the banks and the State.

Further evidence of the new official attitude can be found in the 1979 National Budget, which stresses the need to curb the State banks' share of the total credit market. Over the last two decades, this share has grown steadily at the expense of the private banks.

Now the Government says it would like to see a better balance between the two groups "in the somewhat longer run."

The National Budget proposes to allow only a 5.5 per cent rise in State bank lending quotas next year, to a total of NKr 11.6bn.

Credit

Since, however, it also foresees that the total volume of credit should rise only slightly from 1978 to 1979, the balance between the State and private banks is unlikely to improve next year. Nevertheless, the desirability of making a change has been officially stated.

The new co-operative spirit flows both ways. Last month, the country's three largest commercial banks assisted the Government out of a tight spot by agreeing to help raise the money needed to finance Norway's purchase of a 40 per cent stake in Volvo.

The difficulty of financing the project has been a stumbling block, given Norwegian investors' lack of interest in the stock market. And because of the price/incomes freeze, the Government had to postpone its promised measures to stimulate share trading.

It has undertaken, however —as part of its deal with the banks—to introduce such measures as soon as the freeze ends.

Fay Gjester
Oslo Correspondent

DENMARK

No easing of controls

CREDIT RATIONING and high interest rates have been the hallmark of the Danish banking scene for the past decade, and, as Copenhagen Handelsbank said in its October economic survey, the economic situation at home and abroad rules out any easing of what by now have become traditional banking controls.

Both instruments are used for the same purpose, to assist the financing of the current balance of payments deficit which is almost endemic to Denmark.

Interest rates are maintained at a level which is consistently above the average international level in order to encourage the business sector to borrow as much as possible abroad, partly in the form of short-term trade credits and partly in the form of investment loans with a minimum amortisation over five years.

Credit rationing, which takes several forms including a ceiling on the loan commitments of the banks and savings banks, ensures that even if businesses prefer krone loans to currency loans there will be few kroner available.

Comment

The combination of high interest rates and credit rationing was likened recently to "keeping up one's trousers with the help of a belt as well as braces," according to Prof. Hans Zenthen, senior chairman of the Economic Advisory Council.

Bank interest rates have in fact fallen this year, partly in response to two reductions in the Central Bank's discount rate (reduced from 10 to nine per cent in March and to eight per cent in July).

Bank interest rates, however, were displaying an untraditional lack of response to discount rate movements until an agreement was reached in February which limited interest rate on bank deposits to the discount rate, plus four per cent.

The agreement was made, voluntarily but under political pressure, because of disconcertingly high interest rates in the market for special term deposits, which often soared to 22-23 per cent, especially in periods when there was a big demand for liquidity to cover forward currency buying by the arbitrage banks.

This interlocked with another of the restrictions imposed on the banks in recent years. Legislation from 1975 fixing the margin between interest rates on deposits and advances for each individual bank at the average of the years 1972-74. The high interest rates on term deposits were dragging up all other interest rates.

The interest rate agreement caused average interest rates to fall quite sharply. The average interest rates on overdrafts have fallen from 14.5 per cent in the spring to 12.5 per cent today (including commission), and in the larger banks overdraft rates have fallen to 11 to 12 per cent.

The reason that the decline has been greatest for the larger banks is that they were taking in most of the term deposits. When the interest rate agreement was made this money switched into Government paper, which today carries effective interest rates of around 17.5 per cent. When the term deposits disappeared, the bigger banks found themselves having to reduce the margin between rates on deposits and advances and chose to do it by reducing rates on advances.

At the same time, the withdrawal of the term deposits meant that deposit growth was much lower than the growth of advances (in the 12 months to September commercial bank deposits grew by 4 per cent while advances grew by 11 per cent). As a result, the bigger banks have enjoyed a substantial improvement (of a one-off nature) in earnings on their deposit and lending business.

But while bank lending rates have dropped, long term lending rates, as reflected in the mortgage bond market and the market for Government debt, have risen. Average effective interst rates on mortgage bonds today are about 17.5 per cent, which compares with 16 per cent in March (this year's low), and 16.6 per cent a year ago.

By international standards these are high interest rates, both for industrial and agricultural borrowers and for home buyers. Indeed, as most home buyers will have to finance a significant part of the deal through the issue of private notes which carry a higher effective interest rate than bonds issued through the mortgage credit societies, average mortgage interest rates are well over 18 per cent.

Several resasons are advanced by Danish experts for this state of affairs, the most important of which is simply that the market is free to set its own rates, and Danske Bank chief economist, Ib Christiansen says that other countries may have to accept the logic of the Danish situation in allowing their own interest rates to rise.

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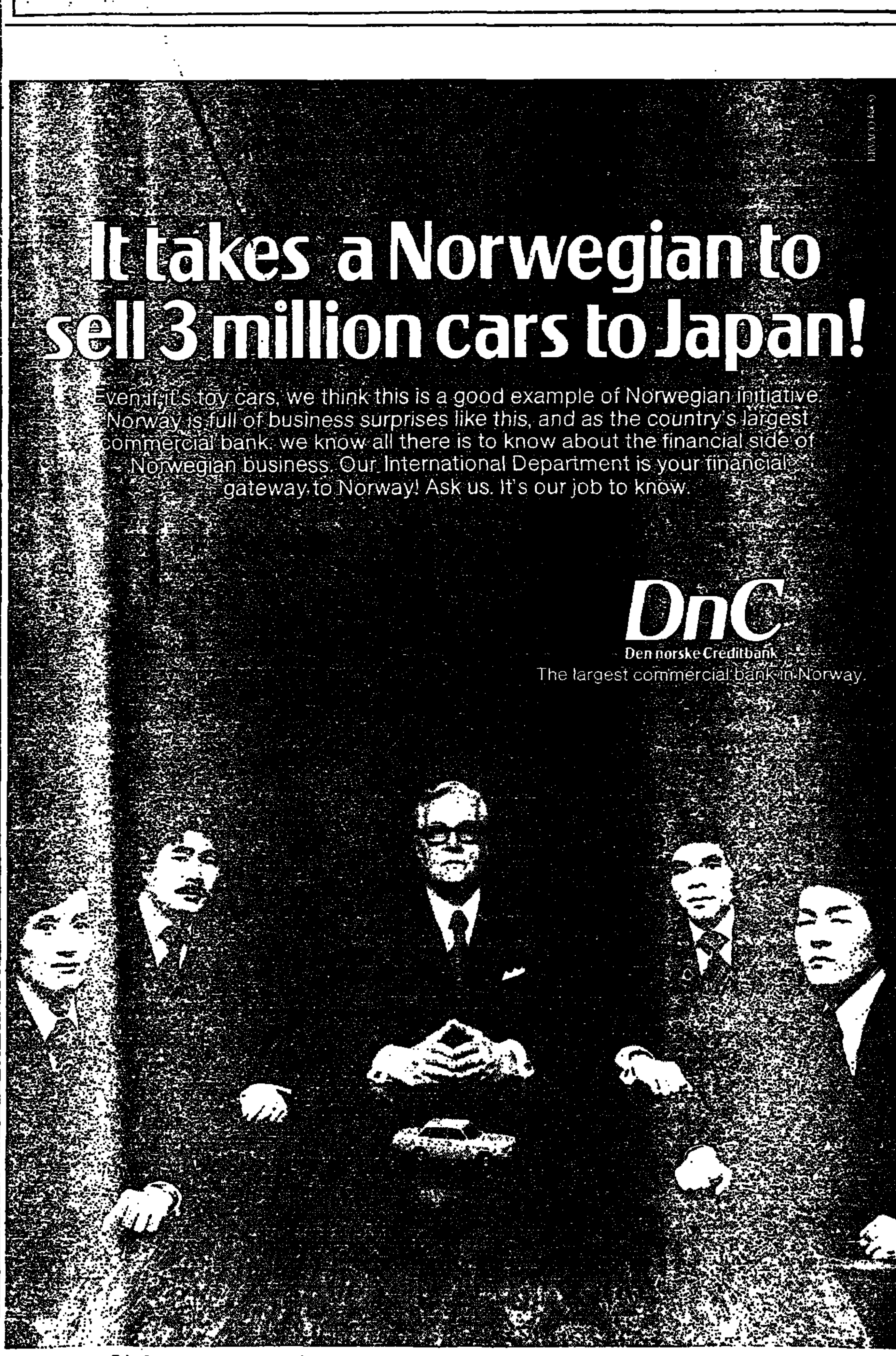

NORDIC BANKING AND FINANCE VI

SWEDEN

Signs of recovery

SWEDISH BANKERS are having a good year with interim reports pointing to an average profit growth of around 30 per cent in 1978.

The Swedish economy has started to recover with the main improvement coming on the external account and the krona has been relatively stable on foreign exchanges since the August, 1977, devaluation.

But amid all these favourable indicators the Riksbank (Central Bank) Governor recently chose to ring a warning bell about the implications of the unprecedented state budget deficit and future external payments development and to criticise politicians' proposal to stimulate domestic demand next (general election) year.

The most significant changes have been the reduction in the rate of inflation from 13 per cent on consumer prices last year to around 8 per cent and the unexpectedly strong turnabout in the trade balance. A growth of 7.5 per cent in the volume of exports and a 5-6 per cent drop in the import volume is now expected to produce a trade surplus of over SKr 5bn ($1.13bn).

Forecast

The National Economic Research Institute forecast this autumn a deficit of the 1978 current account of SKr 7.2bn, less than half the 1977 figure. The trade balance is expected to continue to improve, though at a slower rate in 1979, but the rising interest payments on foreign loans will, it is calculated, result in a widening of the payments deficit to over SKr 8bn.

The effect of these trade and payments developments has been to reduce Sweden's foreign borrowing requirements. Their effect has been reinforced by the increased domestic money supply, lower domestic interest rates and the decline in business investment, all of which have reduced companies' interest in foreign loans.

Long and medium-term borrowings abroad during the first half of this year were SKr 5.6bn net compared with some SKr 11bn in the corresponding period of 1977. State borrowing to the end of September was down to around SKr 2bn compared with the SKr 9bn taken up last year.

Sweden has not needed to borrow abroad, in order to increase its currency reserves, which have been maintained at a high level since the build-up after the August, 1977, devaluation.

The improvement in the payments balance has helped keep the krona stable, but there was some weakening of the currency in September and October, mainly as a result of the rise of the Deutchemark and Swiss franc against the dollar, and the Riksbank had to intervene in support of the krona.

The foreign exchange reserves dropped by about SKr 1bn to SKr 19bn in October, but were still SKr 3bn higher than a year earlier and the outflow appeared to have stopped in the first weeks of November.

The relative quietness on the foreign exchange compared with 1977 and the reduced Swedish interest for foreign borrowing have curtailed the banks' foreign business and earnings. In contrast, activity has focussed on the domestic market, where profit potential has been greater than in 1977 and where the dominating factor has been the financing of the State budget deficit.

The Budget deficit has grown from SKr 7bn in 1976 to SKr 17bn last year and is expected to reach SKr 32bn this year, which would correspond to roughly 9 per cent of GNP.

The larger part of the deficit has to be financed through the banks in default of sufficient other market channels and the result has been a swift growth in money supply which will probably reach 20 per cent over the year as a whole.

In the 12 months to the end of September bank deposits climbed by SKr 27bn or almost 16 per cent compared with a rise of SKr 8bn, equivalent to 6 per cent, in the preceding 12 months.

The Riksbank has succeeded in neutralising the effect of this increased bank liquidity by raising the bank's liquidity ratios three times during the year, but it has been substantially helped by the low level of business activity and the consequent weakness in the demand for credit.

Bank lending rose by 11 per cent of SKr 17bn during the 12 months to the end of September, which was only a couple of percentage points higher than the growth in the preceding 12 months and roughly at the level aimed at by the Riksbank.

The boost to bank profits this year derives from the increase in their liquidity and the three cuts in the discount rate — bringing it down by half per cent steps to 6.5 per cent — which the Riksbank has made this year.

With long-term bond rates remaining unchanged at the same time as the banks have had to increase their holdings of state and mortgage bonds, their margins and the average yield from their bond holdings have increased. The banks have some SKr 50bn placed in bonds, principally to meet the obligations imposed by the Riksbank.

Last year, with a higher interest level, a low yield from their bond holdings and a weak deposit development the banks had problems in meeting their cash quotas and many had to increase the intake of short-term money into expensive "special" deposits. This year the improvement in liquidity has enabled them to reduce the "special" deposits.

The profit gains will go at least part of the way to still the fears the banks voiced in chorus last year about the inadequacy of earnings relative to the rate of inflation and the erosion of their equity and reserves. All the same, PKbank, the state-owned commercial bank, reporting a 34 per cent rise in earnings at the eight-month stage, underlined that its degree of consolidation was still declining and that it anticipated a higher rate of bad debts in the immediate future.

The managing director of the Savings Banks' Association forecast a 50 per cent growth in his members' earnings this year but pointed out that this would only restore profits to the level needed to maintain the ratio of equity and reserves to their balance sheets.

Prospects for 1979 are not clear-cut. The continuing Budget deficit implies that the growth in the money supply and in deposits will be as strong next year, which should maintain the downward pressure on interest rates.

Yet there are counter-indicators and it may be significant that the Riksbank did not make the further cut in the discount rate which had been anticipated in the autumn.

Stable

The increase in private consumption, on which the Government appears to have made up its mind, and the expected recovery in business investment will make it more difficult to control the money supply. Although the krona has remained fairly stable, the payments deficit is forecast to rise again slightly next year and the Riksbank will not run the risk of a new currency crisis.

Moreover, foreign interest rates have started to move up in recent weeks. Under these circumstances the Riksbank may well feel the need to raise the discount rate again in 1979.

Both Mr. Carl-henrik Nordlander, the Governor of the Riksbank, and Mr. Curt Olsson, the chairman of the Bankers' Association, dwelt on the dangers inherent in the payments position and the Budget deficit at the annual meeting of the Bankers' Association last month. The Budget and Economy Minister has already warned that the Budget deficit can remain at its present level —or even rise slightly in the coming years.

This year, with the economy running at a low level the effect of the growth in the money supply on the inflation rate has been contained but, if the economic recovery takes root next year, the negative effects will build up. If it is to finance deficits of SKr 30-40bn for some years to come, the Government is almost bound to look for channels outside the banking system.

The State and housing sector already account for some 90 per cent of the bond market and the institutional investors on the market, such as the National Pensions Fund, cannot increase their share of State bonds substantially without having a harmful effect on housing.

Both Mr. Nordlander and Mr. Olsson have pointed to the need to tie up the State funding in long-term placements, which means that private investors' interest in the long-term market must be stimulated.

For the last three years, the authorities have allowed the gap between short- and long-term interest rates to widen. Now Mr. Nordlander has suggested that a further way of expanding the market would be to introduce tax-free state bonds, which in turn underlines the importance of developing a secondary bond market.

If arguments like this really lead to action, one result of the Government's heavy deficit spending could be the expansion of the capital market, which was recommended by the capital market commission in its report last January.

However, this development cannot take place overnight and the budget deficit is likely to be financed through the banks in the immediate future. This would produce a continued swift growth in the money supply and major problems for monetary policy and the banking system.

W.D.

DENMARK

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The logic of the situation is that with inflation at around 10 per cent and marginal tax rates on ordinary incomes at about 60 per cent, the real return on a nominal effective interest rate of 17.5 per cent is minus about one-half per cent.

It is true that inflation this year has been running at an annual rate of only about 6 per cent, but if the market has not adjusted to this it is probably because it fears that the improvement in inflation will not survive the collective wage bargaining in the coming spring, which threatens to be the toughest in living memory.

Another factor in maintaining high interest rates is the large Central Government borrowing requirement (the gross borrowing requirement in 1979 will amount to about DKr 39bn or 12-13 per cent of gross domestic product). The Government is now financing some three-quarters of the gross deficit without resort to monetary financing.

The banks and savings banks (which have the same legal status as the commercial banks) feel frustrated by the climate of regulation in which they live.

"It is impossible to run a bank when we're locked in by the credit ceiling and prevented by the margins legislation from increasing earnings," commented Steen Rasborg, a member of the board of management of Privatbanken, echoing the feeling of most bankers.

The credit ceiling is adjusted upwards at intervals of about six months. In recent years the adjustment has amounted to about 8 per cent, which is less than the rise in the general price level, so the banks feel that they have a losing share of the credit market.

Until a ceiling was also placed on the issue of mortgage bonds two years ago, the banks claimed they were losing business to the mortgage societies.

Since then, both the banks and the mortgage societies appear to have been losing business to the market in private notes. Notes issued by house-sellers have doubled in value between 1975 and 1977, and a further big increase is in prospect this year.

Because business borrowers are encouraged to raise money abroad, an increasing share of bank lending has gone to ordinary consumers and a factor that really irks the banks about this situation is that they then come under criticism — not least from the Government for increasing money to consumers instead of worthy producers.

Some relief from regulation may be under way. Next March the legislation on margins between lending and deposits expires. The banks will instead be subjected to price control legislation, but it will be supervised by the Bank Supervisory Board.

While the board is not expected to look kindly on a general increase in margins, it will enable the banks to move away from petty-fogging adjustment of margins. At present they can easily exceed the margins for a period, accidentally. They have to reduce them correspondingly in the following quarter if this happens.

The new situation will also mean that the same body will be responsible for supervising both bank price policies and ensuring that the banks are earning enough to meet their capital ratio requirements — "a comforting thought," said Mr. Rasborg.

Hilary Barnes
Copenhagen Correspondent

New York theatre

Off-off Broadway creeps in

by FRANK LIPSIUS

The three tiers of New York theatre designate not only proximity to Broadway, but also the proximity of Equity, the actors' union whose demands on off-Broadway productions about ten years ago spurned the off-off Broadway stage. Now, the success of off-off Broadway especially centres like the Hudson Guild and the Manhattan Theatre Club, has attracted Equity's negotiators to the scene. Their demands on off-off Broadway producers remain unresolved for the time being. Equity's justifiable interest in being represented in successful venues will always run up against the needs of people just getting started or staying on the fringes of the legitimate stage. Adding another tier to the existing ones will only force new efforts to be even more amateur, though the problem may be circumvented by moves like the Hudson Guild's to more established venues closer to the theatre district, as is expected soon.

At the time of Equity's agreement with off-Broadway theatres a decade ago, Curt Dempster opted out of the area and started the Ensemble Studio Theatre, which acts primarily as a workshop for both new talent and some well-known writers, including Michael Weller. Another name well known to New Yorkers, Vincent Canby, showed he does more than review films for the New York Times when his play, *The End of the War* was produced at the Ensemble Studio Theatre.

The war of the title is the second world war and the place is a navy landing ship returning to the United States. Since the *only regular navy man on board* steals sugar to fashion into spirits, the whole ship finds the end of the war an end, too, to their duties and discipline. Getting home looks like it requires more resolve than they can muster, at least viewed from the officers' mess where most of the action takes place.

Hidden antagonisms come out, especially between a handsome socialite and an unattractive intellectual. Canby establishes an intriguing and unusual relationship between the two, starting with the playboy browbeating the intellectual — verbally — while serving him food and paying him a certain respect. As the ship's functioning deteriorates and the swaggering confidence of the intellectual proves unjustified, their relationship gets more antagonistic and leads to the play's climax.

The very success of the components and David Margulies's direction make the play seem dated, an attempt to revive the era of *Mr. Roberts* and *The Caine Mutiny*. The war this country has been through since then produced an entirely different form of soldier—the ones detailed by David Rabe's plays — whose cynicism, resentment and propensity for violence make peccadilloes of an earlier era's insubordination. A play without some reference to the wellspring of patriotism or motivation seems uncomfortably anachronistic, like a play pulled out of a footlocker that had lain there a generation.

The Lion Theatre Company, part of the Theatre Row complex on West 42nd Street, has maintained a prolific, hectic pace of new productions, despite the long period of transition into its new space. Their latest work, *Music-Hall Sidelights*, takes Colette's "L'envers du Music-Hall" and turns it into a series of backstage vignettes with a thin thread of plot to connect them. While the idea is good, following director Garland Wright's penchant for loosely related scenes, too much of what parades as a behind-the-scenes look ends up being trite confrontations and gossip in dressing rooms. It is all mannered, in the Music Hall style, and comes to life only when the girls' dressing and undressing gives way to a short speech by the cashier, providing her 23 years' distilled insights from an unusual perspective. "Shuffle your guts," the recurring phrase showing the pressure exerted by the manager, makes a sensible but unattractive cohesiveness for the work.

Two British solo performances made brief appearances to light the off-off Broadway stage. Alec McCowen drew rave notices for his *St. Mark's Gospel*, filling the house until the show ended with a command performance for the President in Washington. He chose an appropriate vehicle for his brand of mannerisms, which worked particularly well in the second act. The long narrative passages were harder to follow and seemed most appropriate for the large number of clerics in the audience.

Emlyn Williams chose a less known quantity, Saki, for his subject matter in *The Playboy of the Weekend World*. As an Edwardian gentleman observing houseguests on country estates he evoked an era that deserves recalling. But when the perspective changed and Williams was more Saki, storyteller, the focus was sometimes lost, making amusing comments that came across better than the stories themselves. Just to see Williams as the English gentleman, well-placed on a grass-green carpet and a wicker chair, made a memorable sight that overshadowed any failings in the material.

Emlyn Williams

Television

Saturday, Sunday, Monday

by CHRIS DUNKLEY

Three important new television series have started this week and since their opening programmes were shown consecutively on Saturday, Sunday and Monday it seems reasonable to deal with them in that order.

Saturday's was the first in a London Weekend TV series under the general heading "By Alan Bennett—Six Plays" (an umbrella title which inside-out appears to have blown). Its title, *Me! I'm Afraid Of Virginia Woolf* was irresistible yet suspect: surely nobody could justify capping Edward Albee's witty title—*Who's Afraid Of Virginia Woolf?*—except to score a cheap laugh?

At the very end it turned out that Bennett's plot did fully warrant his piracy, yet throughout much of the play it looked as though the text was actually contradicting it: the one thing that *didn't* seem to frighten Trevor Hopkins was the safely dead Virginia Woolf.

Trevor (hated name) teaches Enlish lit. to bored housewives and eccentrics at Halifax Polytechnic. He looks remarkably like Alan Bennett, and the voice-over, which in a lugubrious monotone occasionally interjects remarks such as "This was a *lie, Hopkins had often been to* Newcastle . . ." actually was Alan Bennett's, though the part was played by Neville Smith.

For anyone who enjoys Bennett's wickedly accurate ear for lower middle class small talk and his mastery of the embarrassing moment the first quarter hour was blissful. Trevor visited the doctor, and was told by a proud co-patient, "They've sent my sputum to Newcastle...." Asked by the GP for self diagnosis he mused, "I'm not happy...people make me uneasy ...I don't feel the same as everyone else."

On the bus a black girl sat down next to him, and the voice-*over murmured.* "Hopkins budged up to make room, only then started to worry in case she thought he didn't like touching her because she was black." At this sort of intimate insight, Bennett is better even than Woody Allen. His lines for Trevor's Mam—portrayed in a marvellous Britannia metal cameo by Thora Hird—were horribly realistic and hilarious.

But from the point where her place at the canteen table was taken by Trevor's girl friend Wendy, a yoga teacher (her hair trailing in her muesli) the play seemed to start meandering. The trips to adjoining classrooms with the domineering housewife-pupil: the *inconsequential* chat with Skinner, the only sympathetic student; and the dutiful session in bed, with Wendy wanting the light on and Trevor wanting it off, lacked Bennett's sharp verbal cartooning and felt slow in contrast to the opening.

The end came fast and startlingly: in a fit of machismo violence a man openly necking on a bus objected to Trevor's glance and punched him in the face. Bleeding in a hospital casualty department, Trevor was met by Skinner and, as the credits rolled, the soundtrack explained and rejoiced "*I'm In Love With A* Wonderful Guy." Like a reader checking the clues in a whodunnit, one recalled all the phrases, all the fears, all those longeurs and found of course that Bennett and director Stephen Frears had prepared everything scrupulously.

The question is whether the advantage of that final *coup de television* is worth the sense of inconsequence in the body of the play, and the answer is — just. Probably. What is certain is that it made much other TV drama look hackneyed. The other five plays beckon enticingly.

The other 36 of Shakespeare's seem slightly less seductive after *Romeo and Juliet* on Sunday. At a cost of about £7m (with Time-Life in America contributing some 25 per cent in co-production money) the BBC has started working through the entire canon at a rate of six a year, an undertaking which seems to me admirable. What must be questioned, however, is the decision to do all the plays in a semi-"*traditional*" *form*.

There are a number of ways in which they are not entirely traditional: most obviously, Shakespeare worked specifically for theatres such as The Globe, and any television production must change the plays: furthermore, Elizabethan convention would have demanded—for *instance—that Juliet be played by* a boy, and producer Cedric Messina and director Alvin Rakoff cast a girl.

Thus it cannot be argued that these productions are as near as possible to what Shakespeare expected, nor that they conform to any set of timeless standards since there are none. Like any other versions they are products of their time. The pity is that they are not *more* in tune with the times. By proscribing modern dress versions and any but conventional approaches, the BBC Drama Group have ensured that there is no chance, even, of finding another Brook's *Dream*, and no chance of television making *its full contribution* to the works.

That is a great shame, even though the motives — to give millions of unaccustomed viewers a supposedly "straight" version, to maximise sales, and to play safe generally — seem *fairly clear* and understandable.

In *Romeo and Juliet* we got a pleasantly Italianate play, thanks to sound effects (birds, cicadas, music, street noise), lighting, and Stuart Walker's economic yet evocative designs exploiting arcades and steps. It was also a play in which the title roles were overshadowed by Michael Hordern's bluff and blustering Capulet, Celia Johnson's unusually slim, elderly, and serious nurse, and even Anthony Andrews' tearaway Mercutio.

Patrick Ryecart and Rebecca Saire as the lovers, blessed and saddled with some of the most famous lines in English or any language, delivered them well enough but never convinced me that they really understood the ecstatic agony of adolescent passion which can come singing and snorting from within those lines.

But then it is not *Romeo and Juliet*, *Macbeth*, or *Hamlet* to which I look in this series for the most interesting contributions, but to exactly those plays which some have objected are not worth televising: to *Henry VIII*, *Pericles*, *Titus Andronicus* and so on which I have never seen in the theatre.

Monday's programme was a drama of a different sort, but for anyone excited by politics a most engrossing one. The first *in an ambitious series* from Granada TV, it was called *World In Action Special: Inside Europe —The Summit* and contrived to show what happened at the various European summit meetings leading to the EMS proposals by using journalists to re-create the meetings.

The method was developed for Granada in 1976 by Brian Lapping and Norma Percy in *Chrysler And The Cabinet* and *The Loan From The IMF* and was already pretty intricate, but with *Inside Europe* has been carried to an altogether higher plan of sophistication.

This is because *The Summit* is the first in a series of programmes to be co-produced (at Granada's instigation) between themselves and BRT of Belgium, DR of Denmark, NOS of the Netherlands, SR of Sweden, WGBH Boston of America, and ZDF of West Germany. Roger Graef, who made *Decisions*, is editor of the project, and we can presumably expect to see his verité techniques being used too. (The next programme will be on Europe's textile industry and the Third World challenge, and the third on European aerospace industries.)

The aim of the co-producers is said to be not so much to increase budgets as to increase expertise and access in order to make programmes which no single television company could manage on its own resources alone, and *The Summit* was a remarkable vindication of that notion.

Norma Percy's team proved that by pooling the inside knowledge of leading journalists such as Paul Fabra of Le Monde, Peter Jenkins of The Guardian, and Dino Frescobaldi of Corriere della Sera it was possible to achieve a uniquely broad and detailed understanding of the summit negotiations at Copenhagen and Bremen.

And by getting each of those same journalists to convey in his own words the arguments of his own country's political representative, it proved possible to produce not the usual nationally flavoured (if not biased) current affairs programme, but a genuinely pan-European taste which was both totally unfamiliar and wonderfully refreshing. For the first time in months the EEC actually seemed to have some point, thanks to this programme.

The attraction of the technique —as directed by Charles Sturridge, at any rate—is that the words delivered by the journalists work surprisingly effectively on two levels simultaneously: as reports and as impersonations. Thus it is not just the financial side which comes through, the drama of the politics comes out, too—as when the Big 3 at Bremen *left* the smaller nations to drink their cocktails and look just like symbolic pieces in a game of Diplomacy.

Having to say it once a year or so really is becoming quite tedious, but Granada does seem to have pushed out the borders of television current affairs yet *again*.

Patrick Ryecart and Rebecca Saire

Düsseldorfer Schauspielhaus

House of Bernarda

*Given the stature of poet-*dramatist Federico Garcia Lorca and Spain's changing cultural image abroad, the presence of *The House of Bernarda Alba* on several German stages as a tribute to his 80th birthday was to be expected, but also awaited with the respect and interest due any classic. And since the *Düsseldorfer Schauspielhaus*, under the new direction of Intendant Günther Beelitz, the youngest on the scene today, has progressed in a short time to the inner circle of subsidised houses, Valentin Jeker's production promised more than the usual in its treatment of the funny, sensual, lyrical; and *tragic passages of one of the* richest plays in modern drama.

It was the metaphor in *The House of Bernarda Alba* that intrigued him—but not the question of honour nor the keeping up of appearances. The mansion is presented as a country asylum, a folk-tragedy set in a cuckoo's nest. This production drifts from the real world slowly into the realm of the mind and the senses. The staging and lighting (Bernd Holzapfel), the dark prison-like garb and white walls and furniture, subtly project the cold atmosphere of a mental institution, a chamber where frustrations cry for release, any kind of momentary or permanent escape from the surroundings.

Given a few reservations, Jeker's concept works. Lorca's *House of Bernarda Alba* (written in 1936, the year of his death) is a kind of *Mädchen in Uniform* (1931), Leontine Sagan's film with an exclusively female cast *set in a Potsdam boarding* school. Bernarda Alba moves through the premises with a cane like the spirit of Frederick the Great. The girls torment each other with vicious glee as the heat and the suffocation mount in intensity, and a surrealist dream-world gradually replaces the real one. To add to this *journey to self-destruction* and suicide, a pair of Bunuel-like chickens enter through a door and remain on stage throughout an entire scene.

Lorca in a straight-jacket, however, breaks the play down into fragments. Adela as the figure of revolt is given plenty of room to scamper, while hide-and-seek *is a pastime in this institution*. The words, the poetry, the imagery, the symbolic force in each of the women are brushed aside in favour of "abstraction" and expressionist interpretation. Still, for any who have committed the play practically to memory, words need not be the only aesthetic companion to frustrations.

Lorca's *The House of Bernarda Alba* also opened the season in nearby Bochum under the direction of Augusto Fernandes, whose production of the poet's *Dona Rosita the Spinster* was selected for the Berliner Theatertreffen a few seasons back. Fernandes, an Argentinian, dared to mix laughter with tears in his concept, and prompted a discussion in the Press on the question of suppressed sexuality and released passions. The play has apparently sparked a Lorca revival.

RONALD HOLLOWAY

Book reviews

Warts and all

Duke Ellington in Person by Mercer Ellington with Stanley Dance. Hutchinson, £5.95. 236 pages

Mercer Ellington's "intimate memoir" of his father is certain to be the closest and most accur*ate appraisal which will ever be* written about this most paradoxical of human beings. It is agonising in its revelations about the erratic, sometimes acrimonious relationships between Duke and his musicians and his associates and, not least, his son who writes candidly: "Certain incidents here may suggest that I, at times, hated Duke Ellington. The truth is, I did."

Yet he writes about Duke, whom he calls Pop, with respect, no little idolisation but with the perception and intelligence of a son capable of seeing his father's failings. Some conclusions will startle a lot of Ellington followers. *He asserts, for instance*, that apart from his mother and sister, Duke had a basic contempt for women. He also claims that from around 1950 onward *his father began to develop a* pronounced paranoia even to the extent of believing in a "Homosexual Mafia."

Mercer's biography emphasises *the personal rather than the* musical side of Duke but it does contain explanations for some of his musical decisions such as that long medley of past hits during concerts which used to infuriate the fans who wanted to hear new compositions. "It was a good way of pooling royalties," he writes. Mercer also reveals Duke's strong but little publicised attitudes and feelings on civil rights and racial equality.

With his writing shadow critic Stanley Dance, who was for many years another close friend of Duke, declaring that the two people who knew Duke Ellington best were Mercer and Duke's sister Ruth, it will surely be impossible to find a more intimate and revelatory study of the greatest composer and bandleader jazz has seen.

Fortuitously or, most probably, intentionally Derek Jewell's biography of the Duke, first published last year, has just been re-issued in an updated, expanded paperback edition by Sphere Books (£1.95). Some of the new material was added following the publication in America of Mercer's biography and it gives Jewell the opportunity not only to rectify mistakes but also to make amendments and adjust his view of the relationship between father and son.

In what could be construed as a dampener on the rival biography Jewell has inserted in one place: "Much of what went on in Ellington's life must have been a closed book to his son, whom I never (and others far closer to Ellington than I only rarely) saw in a social context with Duke."

However, a curious imbalance is *common* to both biographies. *The first* 136 *pages of* Mercer's cover all but the last decade—the period when the son was travelling with his father as manager and trumpet-player—of Duke's 75 years. The Derek Jewell biography, a necessary complement to the filial portrait, remains equally lopsided. Seemingly Duke's great days of the 1930s and 1940s will never be adequately chronicled.

KEVIN HENRIQUES

Covent Garden

Birthday Offering

The variations in *Birthday Offering* bear the strong physical impress of their original interpreters still. Perhaps for this very reason the younger artists who took them over on Saturday afternoon and again on Monday night were more attractive in performance than their senior colleagues last week: the newcomers' dance personalities are as yet less sharply defined and there is less conflict between their more tender gifts and the identities *implicit in each solo*.

I liked especially the way Rosalyn Whitten darted with soubrette vivacity through the second solo, and in Genesia Rosato's account of the "Elvin" number there was more than a hint of gifts that could flower into a rich and distinctive elegance. But most impressive seemed Deirdre Eyden who has inherited the "Nerina" variation with its demands for speed and a broad jump. Eyden brings to it a beautiful lightness and an open style that looks ravishingly easy in overcoming the technical demands of the choreography. I think her the most exciting young talent we have seen for several years.

With an infinity of care and hard work, and not a little luck, she could become a true ballerina —one of that rare breed which *Birthday Offering* hymned when the Royal Ballet had, 22 years ago, seven to its credit.

In the programme on Monday Marguerite Porter was eloquent in *Sylphides*, *charming in the* "Fonteyn" solo in *Birthday Offering*, and particularly effective in the Friday's Child duet in *Jazz Calendar* where her line stretched beautifully over the choreography The ballet was also enhanced by the presence of Wayne Eagling, ideal as Porter's alter ego in the duet, and *seeming fired by the jazz score* in the finale—his dancing as punchy and alert as the music's rhythms.

In this same duet on Saturday afternoon Denise Nunn and Michael Batchelor brought freshness and exemplary precision — the attraction here was of dancing clean in line and academically exact. I must record with pleasure the appearance of Mark Silver as the poet in Saturday's *Les Sylphides*, his dancing unfussy, sensitive in Romantic style, and also note the happy return of Vergie Derman to her original role as Monday's Child in Monday's *Jazz Calendar* after long absence through injury.

And for lovers of the grandest kind of classical dancing may I advise that the Leningrad Kirov Ballet is in Paris for a four-week season at the Palais des Congrès,

CLEMENT CRISP

Private life

English Interiors 1790-1848 by John Cornforth. Barrie and Jenkins, £15.00. 144 pages

We are all sorts of things: what we eat, for example, what we wear, what we read, or what we choose to show off on our shelves and tables, perhaps, or hang on our walls. The secrets of others' lives are endlessly fascinating, all clues most gratefully picked up; and fixtures and furnishings are simply the most dreadful give-away.

We register and interpret, often with scarcely a thought, the slightest of social signals or scraps of evidence, for we can hardly be anything but involved in the life of our own time; and our skill runs back fairly easily and confidently over the last century or so, through the agency of the photograph. With the further past, however, though the fabric and artefacts so often remain to us, the kind of life that was led in and amongst and through them has quite passed out of mind. We see the houses, the clothes, the furniture, the china, we read the books and view the pictures, we know what, and why and how; but the knowledge comes to us as from a museum, the shared and *natural experience that these* things informed, the very life frozen out of them.

But now and again the mist is cleared by the flush of a memoir, the particular, personal touch that surprises us by its familiarity. John Cornforth's splendid *English Interiors* sounds as though it might be just another special study in the history of applied art, serious, recondite and practical: in reality it is these things only in part, for it is also a superior and enlightening picturebook that draws upon for its material that most charming, peculiarly English, and too easily over-looked of genres, the polite *accomplishment* of painting in water-colour.

He documents his thesis effectively and simply by reproducing and commenting briefly upon the paintings made in his period, in any number of private houses of the better sort, whether the stately pile or the more modest *house in town, by guests, friends* and relations, who just sat down and made a record of what they saw about them, pleasantly filling the time and paying a nice compliment to their host.

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The violence in Iran

HOW IS Iran to be rescued from sliding into civil war and chaos? There is an argument that the Shah must remain in power because he is the only man who can do this and it is a strong one. His heir Crown Prince Reza has still three years to go before he comes of age. A council of Regency—now being canvassed within the country as providing a possible interim regime—would almost certainly be a microcosm of the various factions likely to emerge in a struggle for power. The armed forces have made it clear that they would not obey a civilian administration in which the responsibilities of head of state and head of government were concentrated in the hands of one of the politicians for whom they have such contempt. The armed forces are now what holds the country back from anarchy and chaos. But ruling on their own they would arouse fresh antagonisms. Largely for these reasons, the Shah, backed by the U.S. and Britain, has argued that his remaining in power in the hope that the agitation would exhaust itself was preferable to the anarchy and chaos that seem to lie with any alternative solution.

Symbol

But as the violence in Iran daily grows and the economy continues to be all but paralysed by strikes, the argument looks less strong. The military government of General Azhari, installed on November 6 after the failure to form a national coalition, has not succeeded in its two main tasks of restoring law and order and getting workers back to work. Already the armed forces are severely overstretched. In the coming few days they will face a major test when the mourning ceremonies of the Moslem Shiite month of Moharram reach their height.

The longer this clash of wills continues on the street, the more the Shah, irrespective of all his past achievements, becomes irrationally a symbol of popular grievance and hate. The more also does Ayatollah Khomeini, the aged Shiite leader living in Paris, seem to grow in popularity on the strength of his continuing uncompromising hostility to the Shah. One of the tragedies of Iran's present crisis is that a cluster of social and economic problems have been overwhelmed by a senseless confrontation between the Shah and his major opponent, and that Ayatollah Khomeini, whose ideas are out of tune with those of most of his countrymen, should have such sway over the nation's future.

The West's position in this situation is critical. For historical reasons the United States and Britain are believed in Iran to have an influence in domestic politics that goes well beyond what they actually have. The danger in continuing to back the Shah in the face of the deep felt hostility to him in Iran is of further contributing to the violence. The West's interests lie in the stability of the country and not in the survival of any particular monarch. By continuing to identify stability with the Shah there is a growing risk of that goal being undermined.

The magnitude of the crisis in the country—a major social and political upheaval that has found its focus in opposition to the monarchy—is going to make any orderly transition to a new form of government enormously difficult. It is facile to look for easy prescriptions. There will inevitably be a long period of confusion. But there are also a great many factors working for long term stability. Iran has a large class of western educated technocrats—many of whom have temporarily fled the country—but who provide the basis of a new generation of leadership. Its army has vastly increased in size in recent years and is bound to want a say in any future regime.

But its officer class is more concerned with the prestige of the military than with political ambitions. The country's Shiite clergy were locked out of national life by the Shah's determinedly secular policies and bitterly resented it. But an Islamic state of the Gaddafi type is not in Iran's or in Shiite tradition and is not the goal of the mainstream of the Shiite clergy.

The country needs time for these elements to fuse and for Iranians to find out what type of government they want and led by whom. It would be preferable if order, under the Shah, could first be restored, but whether the increasing process of political evolution can be carried through under his leadership and amid the continuing violence must remain in doubt.

Coal's growing support costs

THE PROPOSITION that coal will be needed in 20 to 25 years' time to make up for dwindling supplies of oil and natural gas, which formed the basis of the plan for coal that was drawn up in 1974, has been widely although not universally accepted. The plan has undergone some modifications but the general idea has remained unchanged.

It is that substantial sums of money should be spent sinking new mines and expanding existing ones so as to replace pits which are due to reach the end of their working lives and to provide overall a production capacity of about 135m tons a year by 1985 and perhaps as much as 170m tons a year by the end of the century. Since it can take at least ten years to bring a new pit into full production and since the programme is directed anyway at meeting expected long-term needs, it was recognised that investment—now rising towards the rate of £500m a year—would have to proceed regardless of short-term fluctuations in the market for coal.

Declined

These short-term fluctuations have been creating considerable difficulties for the industry in the last year or two. The recession in the steel industry has gone deeper and is lasting longer than had been expected: while in coal's biggest single market—the electricity supply industry—oil has improved its competitive position as a result of the decline in the value of the U.S. dollar and the OPEC price freeze.

The production of coal has declined but not as fast as sales; and the loss of sales revenue coupled with the heavier cost of holding coal in stock has reduced the proportion of the annual investment programme which the industry is able to finance from its own resources, thus necessitating larger borrowings and a heavier burden of interest charges.

To help ease the Coal Board's difficulties, the Government has stepped up considerably the support it provides under the Coal Industry Acts. Originally these grants were intended to help finance the social costs of pit closures, the cost of redundancy payments and early retirement benefits for miners, and to help meet the deficiency in the mineworkers' pension scheme. Further grants are now being paid to help meet the cost of holding coal in stock, to subsidise the production cost of coking coal, and to reduce the price of coal supplied to power stations so as to enable the electricity supply industry to increase its coal burn this winter.

According to a recent Parliamentary answer, the total amount of grant the Coal Board will receive during the present financial year is likely to be about £124m. This is additional to the industry's borrowing which the latest public expenditure White Paper estimated would be about £330m.

Review

These are considerable sums of money, and the Coal Board has now opened negotiations with the Government for further support of burning coal in power stations next year. The time would therefore seem to be opportune for a review of the situation. This is not to suggest that there ought to be second thoughts about the industry's investment programme. Given the margin of uncertainty in long-term energy forecasts, the original decision to go ahead inevitably represented, at least in part, an act of faith.

The question that does need to be asked however is whether sales subsidies are the only available option in the present situation. Would, for example, one possible alternative be to hasten the closure of pits which are due in any case to cease production in the next couple of years? The Coal Board argues strongly that it would be a mistake to delay developing new capacity and that there are grave technical and economic objections to "moth-balling" productive pits. Pit closures raise sensitive issues, but there would seem to be a case for considering what use could be made of whatever margin of flexibility there is.

The Spanish referendum: By Robert Graham

Spain patches up past quarrels

RARELY HAS AN intensive advertising campaign been greeted with such little enthusiasm as that about the referendum for Spain's new Constitution. For the past three weeks Spaniards have been treated to a daily crescendo of publicity on billboards, on television and through the letter box urging them to vote in the constitutional referendum today. The State-managed publicity has been unbelievably dull and heavy-handed: no catchy phrases or soft-sell, bright images — instead a rather *dirigiste* call to order and vote.

The cumulative effect of this propaganda is questionable. Judging by snatches of conversation, large numbers of ordinary Spaniards feel the Constitution is an issue that by-passes them. Moreover, because its effects are intangible, they either tend to take it for granted or regard it as a plaything of the politicians. A common response is: "If the referendum had been held at the week-end there would be little incentive to vote." As it is, the Government has purposely selected a week-day with people allowed time off to vote. Those so doing have to present a slip to their employers after voting to show they have voted. This was the practice in the previous referendum in December, 1976, when Premier Adolfo Suarez sought support for his first programme of reforms, and which helped to ensure a good turn-out.

In the 1976 referendum 78 per cent of the electorate voted. But this was only a year after Franco's death at a time when democracy still seemed very fragile. Arguably now the biggest single incentive pushing people to the polls has been the resurgence of right wing extremist discontent within the armed forces and the police. The discovery last month of a hair-brained scheme to seize the Cabinet and hold it to ransom for the formation of a Government of National Reconciliation has had a numbing effect on all those who care about the democratic process in Spain. The plotters, a handful of right-wing extremists in the police and armed forces, did not stand a chance of success. But the fact that several senior officers apparently knew what they were trying to do and chose to do nothing to stall them has reminded Spaniards who have begun to take democracy for granted that they cannot afford to be complacent.

The Constitution represents the last of the major stages in the consolidation of democracy. That it has taken over three years since the death of Franco to reach this stage underlines the cautious, gradualist approach of the King and the main political parties. Spanish democracy has been restored not through any revolutionary process but through evolution, which has permitted the transition to take place in spite of a constitutional vacuum. Juan Carlos's legality has depended essentially on Franco accepting to transfer power and sovereignty to him as Head of State on his death. Under the so-called "Fundamental Laws"—the series of authoritarian laws and decrees with which Franco governed — sovereignty resided in the Head of State.

The King since then has directly appointed the nation's two Prime Ministers. Parliament was elected in the free elections of June 1977, but its functions were not defined. Nor has there been any framework for separation of powers or the institutional control of the armed forces other than through the person of the King as their supreme commander. Given this vacuum the stable transition has been all the more remarkable. It has been based essentially on a consensus between the main political parties not to rock the boat and the pragmatic guiding, but unobtrusive, hand of King Juan Carlos.

Above all else the Constitution therefore represents a final break with the past. The Fundamental Laws of Franco are relegated to a period of history that the vast majority of Spaniards are quickly forgetting. Perhaps just as important, it is the first fundamental attempt to heal the appalling scars left by the bitterness, brutality and ideological divisions of the civil war. Parties which by their ideology should reject the monarchy and the yellow and orange Nationalist flag—the Socialists and the Communists — have endorsed both these elements in a spirit of genuine compromise.

The 169 articles of the Constitution have been elaborated in a spirit of compromise. Where concessions have been made they have usually come from the Left, who obtained over 40 per cent of the vote in the June, 1977 elections but were fearful lest too dogmatic a stand might damage the moderate democratic image they are now seeking to portray. For a start the adoption of a "parliamentary monarchy" is a concept which appears in no other democratic constitution. The phrase constitutional monarchy has been eschewed in favour of this which means that Parliament represents the sovereign interests of the people yet permits the monarch to play a central role as arbiter, mediator and fountain of loyalty.

The powers the King has enjoyed under the transition are whittled down so that on paper the main initiative open to him is advice and selection of key figures like the Prime Minister, whose appointment must obtain the approval of Parliament. However, by dint of hard work, charm and a deft feel for the mood of his people, the King has established a presence that in practice will permit him an important area of behind-the-scenes manoeuvre for some time to come. Because the King has said all along that his power should be subject to democratic control this has removed tension from a potentially delicate issue. Meanwhile the Constitution endorses the legitimacy of the Bourbon succession and gives precedence to male heirs.

Parliament is confirmed as consisting of a lower and upper house (the Congress and the Senate). Unlike the present Parliament, Congress will be elected on the basis of proportional representation and the Senate on the basis of territorial and regional representation. The King also loses his right to nominate Senators. After elections the King proposes a Prime Minister through consultation. For the nomination to be accepted the candidate for the premiership must obtain an absolute majority in Congress in a confidence vote. If after two months this is still unobtainable the King dissolves Parliament for fresh elections. Once the Government receives a vote of confidence it then becomes immediately answerable to Parliament which, in a new departure, has the right to appoint special commissions in matters of public interest. Like those of other democratic parliamentary commissions, their reports are not legally binding. Yet it is true to say that the Constitution is giving power to a parliament which until now has been weak and without a real basis for its authority.

The most contentious points in the elaboration of the Constitution have been about regionalism, the role of the church, the position of the army and issues that involve moral judgments like divorce, abortion, the death penalty. The right to autonomy of the "regions and nationalities" of Spain is recognised and guaranteed. This is a major shift away from the rigid chauvinistic view of Franco's Spain that insisted on the uniqueness of a Spanish-Castilian national and cultural identity. Specific recognition is given to the richness of regional culture and a long list of areas are detailed where the regions can influence their own government. Nevertheless the authors of the Constitution have rejected last minute demands for recognition of certain ancient privileges applied to the Basque country, and indeed a careful reading of the central Government's powers suggests these are broad enough to cancel out all significant autonomous initiatives.

Freedom of worship is recognised and the Constitution does seek to separate church from the state. Yet this is blurred by the peculiarly Catholic nature of Spain being specifically recognised. This was one of the biggest compromises of the Left. Aware that the strident anti-clericalism of the 1931 Republican Constitution was one of the causes that led up to the civil war, they were obliged to accept concessions to the church which also spill over into the field of education where private education is accepted (over 50 per cent of private education is in church hands), and on questions of divorce and abortion. Divorce is sanctioned by implication, the Constitution saying it will be regulated by law. Yet abortion is implicitly rejected by acceptance of the "right to life." Against this the Communists and Socialists managed to write in the abolition of the death penalty, except in time of war.

Because the armed forces were the pillar of the Franquist state, the politicians have had to tread extremely warily in defining their role. Gone are the exultant phrases of Franco's decree which talked about their "sacred national mission." Gone too is the widespread tolerance of military tribunals and military justice. Nevertheless the armed forces are given two important tasks — defending Spain's territorial integrity and the more political role of upholding the Constitution. Thus the military cannot truly be said to be depoliticised by this Constitution.

In the end, such a compromise document is going to mean all things to all men. Those who wanted a short concise document were in a minority. Most of those involved from the original drafting committee through to the two Houses of Parliament which thoroughly amended the original draft wanted to spell out as far as possible the nature of a new democratic Spain—even down to, say, writing in the employers' right to lock out and unions' right to strike. The Constitution's opponents are mainly those who represented the extremists on either side in the civil war. The far Right rejects the Constitution because it dislikes the monarchy, feels the unity of Spain is being eroded by concessions to regionalism, fears political pluralism which has let in the Communists, and believes the church is being betrayed. The church itself clearly mistrusts what will almost certainly prove to be a gradual erosion of its pre-eminence in national life. The Primate of Spain, the Archbishop of Toledo, has called for a negative vote, the Episcopal Conference has been more cautious saying on balance the Constitution is a good document. The extreme Left, the heirs of the anarchist movement and the fringe of the Communist Party, rejects the Constitution because it is bourgeois, pro-establishment and anti-working class.

Solely on the issue of regional autonomy the Basques are opposed to the Constitution. The Conservative Basque Party with the largest Basque representation in Parliament, the PNV, is calling for an abstention in the referendum because historic Basque rights are ignored. The militant separatist movement ETA is urging a negative vote and carrying out an escalated campaign of terror to underline its objection. In the 1976 referendum there was a 63 per cent level of abstention in the Basque country to protest against the failure to accede to Basque separatist demands. Despite heavy campaigning by the main political parties in the Basque country in favour of the referendum, the Basques are likely to record a high degree of abstentions or negative votes to demonstrate their refusal to accept that the Constitution applies to them. As for the extremists on the Left and Right they will almost certainly produce more than the 2 per cent negative vote of the 1976 referendum.

The Government is putting it about that it would be happy if 80 per cent voted favourably. The size of the favourable vote is important since the Prime Minister, Sr. Adolfo Suarez, is treating the referendum as an expression of approval for his administration. A large favourable vote will influence his decision on whether or not to call a snap general election in the spring. Once the Constitution is approved—and there is no doubt it will be—he has 30 days under special articles attached to the Constitution in which to decide whether to seek a vote of confidence or opt for a general election, or both. The odds are that he will go for a vote of confidence hoping to gain an absolute majority either with the support of the minority parties or the approval of the Socialists and then call elections. Having seen through the adoption of a democratic Constitution he should be well placed to win the national elections too.

Sr. Santiago Carillo, the Communist leader calling for a "si" to the "Constitution of Reconciliation."

THE CHRONOLOGY OF SPANISH CONSTITUTIONS

1812: First Spanish Constitution inspired by the U.S. Constitution. Fernando VII swore to respect it, but never did.

1837: Two-chamber Constitution adopted upon liberal pressure during the Carlist civil wars. Revoked 1844 after rigged elections.

1845: Modelled on the document of 1837 but more repressive with greater power for the crown. Religious tolerance dropped.

1869: First attempt to institute a constitutional monarchy proper. Universal suffrage granted for males with freedom of Press and religion.

1876: Powers of the crown restored. The Constitution was suspended in 1923 after rise of anarchist and working-class movements.

1931: Republican Constitution with strong socialist traits, curtailing powers of Church. Overthrown 1939 by General Franco.

MEN AND MATTERS

Heating up the hot line

Operation Dud is on the road. Dud for defective, unsafe or dangerous — and the Operation being a "hotline" introduced by the British Safety Council to take down new car owners' complaints. "I am amazed," says James Tye, director-general of the BSC. "We have had 300 calls in the first day and a-half. This fell off, that was not screwed on. Retailers appear to be frankly cavalier about refusing to accept complaints."

Tye tells me that a disproportionately large number of complaints are about Fiestas, Marinas and Escorts. With good radio coverage but only a small about of mention in the Press, the operation has taken off well, Tye thinks. His inspiration is the U.S. Department of Transportation whose hotline receives an average of no fewer than 7,000 such complaints each week.

Tye thinks that low standards mean complaints here could build up to half the U.S. number if the hotline were better known. His organisation estimates that 70 per cent of British new cars are d, u, or d, and he quotes a Consumers' Association report that 75 per cent are faulty. The Society of Motor Manufacturers and Traders disputes these figures, quoting an Office of Fair Trading survey of 5,000 cars which showed that 67 per cent had major or minor faults covered by warranty. The SMMT insisted that such faults are far from "defects."

Tye is keen to see the adoption of the changes to the Product Liability Act which the Consumers' Association is backing.

Tye is planning to analyse the compalints he receives and present them to William Rodgers, the Secretary of State for Transport, in an effort to persuade Rodgers to greater efforts. He had asked Rodgers along to man one of the telephones. "Frankly, I am not surprised he did not come. He has to stop acting as a lackey to the motor car industry."

I suggested this was strong language but Tye added: "If you see the results of accidents, as I have to, you would use strong language. We are 50 years out of date in accident prevention."

The Department of Transport told me that Rodgers had had other business and did not plan to participate in the hotline. The Department was always prepared to consider complaints of a general nature, it told me, but felt the public should go to the manufacturer in the first instance.

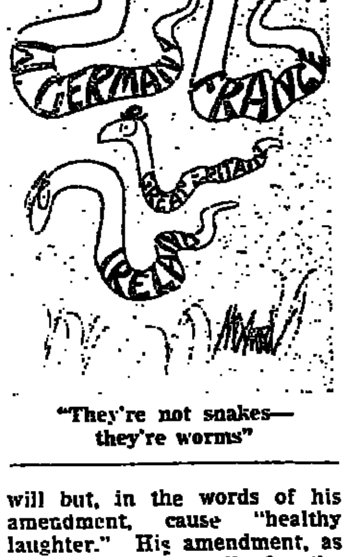
I asked the SMMT how many complaints its consumer relations department received. After emphasising the "massive" system of warranty control, it replied: "We have a total of 600 customer contacts in a year of which 300 are valid." As many, in other words, as Operation Dud received in its first day and a-half.

CAP rules—OK

For some MPs the early day motions printed on the back of the Order papers each day are a form of legitimised graffiti. By putting them down members are able to vent their passions and by amending someone else's they can take a swipe at their colleagues without even opening their mouths. Among the motions doing the rounds at the moment is one suggesting that, instead of selling off cut-price butter to Russia, "Europe weeks" should be held to get rid of the surplus produce to grateful European housewives.

Put down by the Tory MP, Sir John Rodgers—an old Europe hand and holder of two Iberian decorations and the Grand Cross of Liechtenstein—and supported by 26 other Tory backbenchers, it suggests that this would be a good way of fostering good will. In the opinion of Ronald Bell, a Tory anti-Marketeer, such a sale would not so much foster good will but, in the words of his amendment, cause "healthy laughter." His amendment, as yet unsupported, calls for the introduction of public holidays during which people could reflect on the wisdom of the process by which produce is bought in by an "army of bureaucrats." This would, he fells, be a step to promoting "mental serenity."

Not to be left out, a group of Labour anti-Marketeers have chimed in with their own amendment. Instead of calling Sir John's sales "Europe Weeks" they suggest they should be known as "Mad-cap weeks." They also use their amendment to demand again a complete overhaul of the Common Agricultural Policy.



"They're not snakes—they're worms"

Tie tidings

Why, one asks oneself around this time of year, am I reading about ties again? This improbable subject seems to capture space in the newspapers every year. Today we have the retiring chairman of the Tie Manufacturers' Association, Graham Lack, suggesting that school ties would check classroom vandalism.

I tracked down the authorship of his winning words to the publicist John Murphy, who can be justly proud of the way he has managed to twist all sorts of subjects into injunctions, of course, to wear ties. In 1974 he had the tie manufacturers calling for a "moral contract" as well as a social contract. How, he had the chairman demand, could people have respect for society, for their country, if they had no respect for themselves? Naturally this was impossible unless. . . .

The next year the theme was more direct. Tieless men, said the voice of tie manufacturers everywhere, were "slobs and anarchists." In 1976 the speech was focused on the "choristers of gloom" who were knocking Britain. The link with neckwear was somewhat tenuous, but Murphy managed to tie the knot. Last year's coup was to nominate Prince Charles as Best Dressed Man of the Year.

"We just jumped that one on him. He didn't know what hit him. I think it appeared in every newspaper in the world. It was a publicist's dream."

I suspect that Roy Mason, Northern Ireland Secretary, may find himself the focus of some unpolitical attention in the future as well. The tie manufacturers take a more than passing interest in his design of the Cabinet tie, of the Barnsley Town Council tie, and of the neckwear that immediately marks out a member of Barnsley Brass Band.

Passing the buck

An apocryphal story going the rounds in Washington has Jimmy Carter telling a group of U.S. bankers: "If I weren't President I would be buying American stocks, buying American bonds and buying the dollar." To which the bankers reply: "So would we."

Observer

Talisman for the Stock Exchange

هكذا من الأصل

BY CHRISTINE MOIR

Barring gremlins in the computer, the Stock Exchange's centralised settlement system, Talisman, will start running next March 26. The essence of the new system is that all stock is bought from and sold to a central pool. The previous system, partly computerised through the so-called CHARM system, was a complicated mechanism to ensure that brokers who had sold stock to a jobber delivered that stock to brokers who had bought stock from the same jobber. Securities moved around a circle without a centre.

The advantages of Talisman's centralised approach are that stockbroking firms will have to pass far less paper to one another to organise the transfer of securities, that the centre will take over the bulk of communications with registrars, (the agencies which register the final ownership of securities) and that the centre will also look after much of the fiddly business of identifying which stockbroker's clients should receive dividends, rights for rights issues, scrip issues and so forth.

Opponents of the system have now bowed to the inevitable—which is not to say that before, during and after March 26 there will be only muted grumbles about it. It is an odds-on bet that as soon as Talisman starts rolling complaints will reach a crescendo not heard since 1975-76 when the basic principles were being debated.

In the first place, come Christmas, member firms will be told what Talisman will cost them. The working party has already made its recommendations on the tariff so it only remains for the Council to wrap up the details as a Christmas parcel. Even if the final tariff is lower than the interim figures suggested back in early 1977 there is bound to be an outcry because many members do not believe that any significant savings will occur through the changeover to computerised settlements.

Others have more fundamental doubts. Some dislike the fact that all sales will pass through a central computer. They fear that in principle at least this establishes a "big brother" capable of monitoring all their trading moves.

More practical fears have arisen about the legal aspects of the new system. Under the present system, sellers hang on to their stock until the last possible moment in a transaction, because on striking a sale they sign an open transfer form with the buyer's name left blank.

Special company

The essence of Talisman is pre-delivery of stock. The seller parts with his shares which are then deposited via the jobber in SEPON, the special nominee company set up to pool all jobbers' stock and out of which all transfers are made to the new owners.

Under Talisman this transfer to SEPON occurs at the beginning and not the end of the trail which concludes with the posting of the certificate to the new owner.

The legal conundrum occurs after the stock leaves the seller and before it is formally vested with the new owner. Although the buyer has a beneficial interest in the stock from the moment he strikes the bargain he does not obtain full ownership until he has paid for it.

Until then the stock resides in SEPON and the legal question arises whether SEPON is the owner during this period. This matter is exercising a number of lawyers at present, a task made more difficult because even the present system is only poorly covered by case law.

Major investors—the institutions in the main—are remaining chary of Talisman until the status of SEPON's holding of the stock has been conclusively established.

As a corollary they are also concerned to see that the Stock Exchange takes out sufficient insurance to cover itself against compensation claims should hitches occur in Talisman. The Stock Exchange is coy about the size of its cover. Beyond saying that it is "substantial" it will not disclose the figure.

These problems aside (and even they do not pose a real threat to the future of Talisman) the system looks ready to run by March. The first five of what have been described as the "seven veils of Talisman" have already been unwound without hitch. Computer tests have now been run on all the phases of the procedure up to registration. No technical problems have been encountered so far.

However, the real test will occur in February, when the boffins run through the computer all market transactions undertaken during the last account in November and first one in December. (Member firms are duplicating those transactions for Talisman at the moment.) Only if that test of real data run under conditions identical to those met in practice—goes well will Talisman start in March.

It will begin handling 10 per cent of the stocks monitored by the 10 largest registrars who together account for 90 per cent of all stocks. These stocks have been selected to test Talisman as widely as possible.

Volume will then be increased as fast as possible in order to reduce the inevitable period of duplicated settlement systems. It is hoped that 90 per cent of total Stock Exchange volume will be coralled in Talisman by the end of next year. The claimed benefits of Talisman will not really be assessable until then.

Three advantages are claimed for Talisman: greater efficiency and speed in settlements; cost savings; and greater capacity for dealing among members.

Talisman certainly looks as if it should be more efficient than the present long hand system once members have grown familiar with it. In the interim, of course, snarl-ups will occur on which detractors will pounce with glee. These are likely to diminish as more stocks come into Talisman and there is less confusion about which stocks still remain outside it. By the end of next year, Talisman's efficiency should be obvious one way or another.

Quantifying the savings which Talisman is supposed to produce is much more difficult. In the first place these will not occur overnight—or even in the first year. They will arise largely as and when firms are able gradually to whittle down their back office staffs.

Even when that process is complete the amount saved between March 26 and that point may look negligible. During the slump of 1974 many firms cut staff and overheads to the bone and have not really put on fat since, partially in anticipation of Talisman. Those savings, now historic, will be very difficult to assess.

This may be one reason why so many are saying there will be no substantial savings from Talisman. On the contrary they can see only too clearly the extra costs involved in tooling up with computers to match the system.

However, Talisman may give rise to direct savings, some of which could be known in a few weeks. The tariff proposed in 1977 was actually lower than the fee for CHARM (the existing computer checking system) at the bottom end—67p compared with 76p per bargain.

Unfortunately, CHARM's costs are shared equally between jobbers and brokers while the proposed split under Talisman puts 70 per cent of the burden on the brokers. Furthermore, although Talisman might be cheaper at the bottom end of settlements, it is more expensive for larger bargains.

Hugh Routledge

Chairman of Settlement Services Committee responsible for Talisman, Mr. Crispin Gascoigne, with Talisman.

The Talisman tariff involves three factors: market volume, running and capital costs, and estimated savings compared with the present system.

Although capable of handling 45,000 transactions a day (a level rarely if ever achieved for a sustained period) it has been decided to base the tariff on a small profit at 15,000 transactions a day averaging £5,000 a bargain.

Critics have claimed that this figure was over-optimistic. The Stock Exchange now believes that level is, if anything, on the pessimistic side. Certainly in only one month this year so far did the average number of bargains fall below 15,000 (and then only slightly). A 10-month average shows volume at 16,759.

The size of bargains, however, shows the reverse picture. Only once have average bargains per month exceeded £5,000. The overall average was £4,659.

The tariff must, of course, cover both capital and running costs of the system. Capital costs have risen to £15.7m from £13.2m since 1977 and these are to be written off over five years. Running costs must similarly have been affected by inflation.

The third factor is the internal savings which member firms should make (or have made) from the fact that Talisman is designed to take the major part of the burden off "back offices." A working party has been scrutinising those figures since the summer, grilling selected firms in minute detail. The working party under the leadership of Mr. Wallace Hunt, of Hedderwick Stirling Grumbar, is satisfied that it now has an accurate picture of the likely internal savings.

The tariff, structured on these three factors, will be announced by Mr. Crispin Gascoigne, of Panmure Gordon, who chairs the Settlement Services Committee responsible for Talisman so far.

Once Talisman starts running, however, the SSC will hand over control to a members' supervisory board. Only one representative of the SSC will sit on that board. Two seats are reserved for jobbers, two go to country brokers, and the remaining three are split among the London brokers so that small, medium and large firms are all represented.

This board should provide a valuable safeguard against rising tariffs. The costs of running Talisman will not be disguised under general Stock Exchange expenditure and the board members will have a vested interest in keeping them at a minimum.

In theory, once the capital costs of the computer installations have been fully amortised, in five years, substantial reductions in the tariff could be possible. However, in view of the rapid progress of computer technology it would be wise to prepare for the equipment already being obsolete by then.

Finally it is claimed that Talisman could actually increase member firms' capacity for dealing. Mr. Gascoigne says, for instance, that during the peak of the boom in 1973 some firms had to stop taking on more business because their settlement staff were overwhelmed by the existing workload. Talisman's capacity to handle 45,000 transactions a day, he says, would eliminate such bottlenecks.

As a result Talisman should be of special benefit to growing firms. Not only are charges deliberately being held down for smaller bargains (where the smaller firms are thought to predominate) but overheads could be kept down as business grows—the effect of needing only small back offices.

Overall the prognosis for Talisman looks brighter than has generally been assumed. Birth pains there will be. Some stock could well get mislaid in the system in the initial weeks. But there is one excellent augury—the men who will be monitoring Talisman have a vested interest (through their own pockets) in its efficiency and costs.

Letters to the Editor

Monetary system

From Sir Donald MacDougall

Sir,—I am most grateful to Mr. Samuel Brittan (Economic Viewpoint, November 30) for his complimentary remarks about the so-called "MacDougall Report" on the role of public finance in European integration; and, by giving it prominence in his distinguished column, for helping to catalyse debate on some important issues. As a contribution, may I first correct what seems to be a misreading of our committee's report and, secondly, take issue with Mr. Brittan on a particular matter?

Our suggestions for increasing the Community Budget over, say, the next decade from 0.7 per cent of Community GDP to 2-2½ per cent would not, as Mr. Brittan states, achieve anything like the equalisation of income per head between member states as is done between the regions of the eight countries we studied through their systems of public finance. In fact, it would reduce inequalities by around 10 per cent compared with an average of 40 per cent in the eight countries. (Mr. Brittan may have been misled by a purely hypothetical calculation in our report that if the sole aim of the Community Budget were to achieve the same degree of geographical equalisation as in existing economic unions — which is clearly unrealistic—this could in principle be achieved by inter-country transfers equal to around 2 per cent of Community GDP.)

Our committee thought that the minimum Community Budget required to support full monetary union—irrevocably fixed exchange rates or a common currency—would be unlikely except in the context of a Federation. It would have to be around [illegible] per cent of Community GDP, 7½-10 per cent if defence were included—i.e. some ten times the present Budget. (Federal expenditure in the existing federations we studied is much larger: 20-25 per cent of GDP.)

I agree with Mr. Brittan that the proposals currently mooted in the context of the European Monetary System are on nothing like the scale of any of these figures; and I am certainly not arguing that they should be. But I disagree with his doubts that a much larger Community Budget would be a necessary condition of a monetary union—quite a different matter from the proposed EMS.

It is not, of course, a sufficient condition; relative inflation rates and monetary policies are also highly important. But even if these could be "harmonised," serious problems could remain. For example, it is not on the whole faster inflation rates that have caused the older, and previously prosperous, industrial regions in the west and north of the UK to become relatively depressed, but rather structural changes of various kinds. The same has been true of periods of temporary difficulty for particular parts of the country.

Our fiscal system, like that of other nation states we studied, automatically offsets one-half to two-thirds of the adverse effects of such temporary difficulties; and these states on average make good around two-fifths of more persistent regional inequalities that emerge, partly by measures designed to bring about the structural adjustments required to reduce them.

Is it likely that countries would lightly enter a system of irrevocably fixed exchange rates without some such assurances that, should they tend to become temporarily or persistently depressed areas of the Community, there would be a cushioning of the adverse effects and help with the necessary adjustments? And would a monetary (and customs) union not backed by such fiscal arrangements be likely to survive for very long?

Sir Donald MacDougall,
86a, Denbigh Street,
Westminster, SW1.

Public records inquiry

From the Secretary,
Public Records Committee.

Sir, — I would like to draw the attention of the business community to the committee of inquiry into the working of certain provisions of the Public Records Acts under the chairmanship of Sir Duncan Wilson, which is now ready to receive evidence.

The Financial Times survey of computer peripherals (December 4) prompts me to think that one particular area within the committee's terms of reference on which your readers may be expected to have views is the way that recent technological changes in the format and storage of information may affect the selection of public records for permanent preservation and the methods of giving public access to them. They may, however, have views on the extent to which public records include statistical material of use to economists, planners or others, whether on computer tape or not, and the means by which access could most satisfactorily be given.

The full terms of reference of the Committee are: "To review the arrangements for giving effect to those provisions of the Public Records Act 1958 and 1967 which relate to the selection of records for permanent preservation and to subsequent public access to them in the light of: (i) the requirements of public business, of historical and other researchers, and of other users of public records generally, for an efficient record service; (ii) the volume of records generated by government departments; (iii) technological changes in the format and storage of records; and (iv) the staff and accommodation costs of maintaining public records and the need for economy in the use of resources; and to make recommendations."

The committee would like evidence to be submitted as soon as possible, and not later than April 30, 1979.

Graham Aylett.
38, Parliament Street, SW1.

Indexing patents

From Mr. R. Arnot

Sir,—As author of the successful Royal Petition on the location of the Patent Office, may I draw to your readers' attention a matter of even graver importance? On specious grounds of cost effectiveness the Patent Office is currently engaging in an arbitrary and retrograde process of restricting the extent to which patents are indexed. The likely consequences are that advanced industry, whose investment generally depends upon a sound patent position, will be increasingly less able to determine whether an invention is truly novel. It follows that large sums devoted to research, development, patenting and marketing, may be needlessly at risk through want of effective means for ascertaining inventiveness before any financial commitment is made.

Where the validity of a patent is involved, as in infringement proceedings, where the chief remedy lies in challenging the patent in question, or otherwise where the strength of a patent needs to be checked, neglect to provide adequate indexing deprives patent agents, solicitors and Counsel of the means to discover the very documents that could settle the issue.

Since a large majority of British patents is foreign owned, and a majority of granted patents could not survive a thorough investigation of validity based chiefly on disclosures in earlier specifications, royalty payments on weak patents are a needless drain on our foreign currency resources: and every impediment to effective patent information retrieval prevents such patents being challenged.

It is therefore a short-sighted and self-defeating policy to apply the accountancy of cost-effectiveness simply to the internal economy of the Patent Office while blindly disregarding the immeasurably more costly consequences to the economy at large, and thereby abetting waste of effort and resources. This is especially ill-advised and ill-timed now as it concerns our capacity for innovation; and any step which diminishes an essential part of our patent system strikes at the foundation on which industry depends.

Surprisingly there is no statutory requirement compelling the Patent Office to maintain an effective technical information service to assist industry and inventors.

R. M. C. Arnot.
24, Attimore Road,
Welwyn Garden City, Herts.

Boards elected by employees

From Mr. B. Cole.

Sir,—What a virulent letter Mr. Fox writes (November 30) in response to Mr. Cragoe's sensible suggestion that industrial problems are best solved by those with relevant experience! Of course "industrial democracy" is claptrap—does anyone really think that companies should be run by boards consisting only of directors elected by employees?

It is not a question of "controlling and screwing down" the workers. An industrial enterprise needs organisation, within which some roles are specialised or demanding enough to need special experience. Senior managers and directors fill such roles, as do some specialists in other parts of a company.

There is no reason to believe that being popular or politically active enough to persuade colleagues to vote for you indicates any ability to direct a company. Promotion should be on merit, not on popularity. If we go too far in pursuit of the myth of democracy in industry we shall find our boards of directors as unsuccessful as our governments have been over the last 30 years.

B. A. Cole.
Drake Wood, Devonshire Ave.,
Amersham, Buckinghamshire.

Land owning in Scotland

From the Duke of Buccleuch

Sir,—It is surprising and disappointing that the Financial Times, of all sober and respectable papers, should print such a travesty of the facts on landowning in Scotland (The land question, November 27). It is equally surprising that it should have chosen an author known to have such extreme views. Brian Wilson repeats the 70-year-old parrot cries and myths invented by that embittered personal hater of landowners, Lloyd George. There was little truth in what he said then, and still less today.

Of course there may be the very exceptional bad landowner, as one can doubtless find the odd bad journalist or politician, but there is a greater abundance of evidence now than ever before that by international standards Scottish landowners are progressive, enterprising and are performing an extremely valuable service to the community. This is under adverse conditions of taxation that penalises development, discourages much needed capital investment and is causing the rapid break up of estates.

Emotive phrases like ". . . caricature lairds presiding over their vast private kingdoms with little regard for the social good . . ." Let Brian Wilson name them! This sort of nonsense is not 70 years but 300 years out of date, and was seldom true even then.

He proceeds to quote "statistics" which he has clearly invented himself showing that grouse moors cover 3m acres of Scotland. Grouse may certainly exist on such an area, but to my knowledge there is no land where hill sheep farming is not the primary land use with grouse as a complement. It is universally recognised that reducing sheep stocks below the optimum level for the sheep themselves does little or nothing to increase the grouse population.

He infers that grazing 5.6m acres with red deer "is a level of irresponsibility in terms of land use which has few equals in the Western world," then blandly admits "that much of the moor and hill land could not be adapted to any other agricultural purpose."

Mr. Wilson summarises his thoroughly inaccurate and misleading survey by saying "Landowners remain tremendously powerful people in social terms." Perhaps this is his local experience, even if it is not mine! He continues: "A gross maldistribution of land which would disqualify" an independent Scotland "from economic support from the World Bank." I am, however, hopeful that such a body would do its homework, should the need ever arise, better than Mr. Wilson, for these are the facts:—

Some 60 per cent of the 22,000 holdings of over 50 acres are owner occupied, compared with only about 25 per cent 50 years ago. This shows how rapidly change is taking place, for better or worse. A more important fact is that acres are a meaningless yardstick, because they vary in value so much from one place to another. One acre of top class grain land can be worth £3,000 whereas another acre of tenanted wind-swept hill can be worth under £10. This means that one 50-acre holding can be more valuable than a 15,000-acre estate, or a 350-acre arable farm worth more than a 100,000-acre estate of tenanted wild hill country. Since there are fewer than a dozen estates above this size, and they are predominantly hill, it is clear that of Scotland's 13,000 or more landowners it does not follow that the biggest are the wealthiest or the most "powerful."

This is not a case of one man's opinion against another—the facts and evidence are readily available for anyone to verify simply by seeing for themselves, or by consulting those who do have first-hand knowledge of them and a reputation for impartiality and accuracy.

Buccleuch.
Drumlanrig Castle,
Thornhill, Dumfries-shire.

Today's Events

GENERAL

Prime Minister attends special meeting of National Economic Development Council to discuss microelectronics and £50m State aid; and skill shortages.

Spanish national referendum on new constitution.

Newspaper Society's council meets to discuss provincial journalists' strike.

NGA executive meeting—will discuss The Times' closure.

Confederation of Shipbuilding and Engineering Unions meets to discuss shipbuilding redundancies.

European Court of Justice in Luxembourg hears EEC case against UK for not introducing lorry tachographs.

NATO Defence Planning Committee meets in Brussels.

Council of Europe symposium in Paris on development co-operation.

Mr. Edward Heath at London Chamber of Commerce two-day conference on corporate investment and acquisitions by foreign companies in the U.S., Cafe Royal, London.

Sir Harold Wilson at three-day seminar on social research in the public sector, Heidelberg.

OFFICIAL STATISTICS

UK balance of payments (third quarter). Housing starts and completions (October). Construction output (third quarter).

PARLIAMENTARY BUSINESS

House of Commons: Public Lending Right Bill, remaining stages. Motion on Northern Ireland (Emergency Provision) Act continuance Order.

House of Lords: Debate on importance of improved relations with China. Debate on code of industrial practice covering procedures for trade union recognition and procedures prior to industrial action.

Select Committees — Social Services and Employment subcommittee. Subject: Perinatal and neonatal mortality. Witnesses: Department of Health and Social Security. 4.30 pm, Room 8. Environment sub-committee. Subject: Redevelopment of London's dockland. Witness: Mr. Peter Shore, Environment Secretary. 4.30 pm, Room 16. Parliamentary Commissioner for Administration. Subject: Land Compensation Act. Witness: Sir Peter Baldwin, Permanent Secretary to Department of Transport. 5 pm, Room 7.

COMPANY RESULTS

Final dividends: Sir Joseph Causton and Sons. Elson and Robbins. Peak Investments. Interim dividends: Armitage Shanks Group. Coalite and Chemical Products. English Card Clothing Company. W. E. Norton (Holdings). Pilkington Brothers. Rotaprint. Thomas Warrington and Sons. Interim figures: Edinburgh and General Investment Trust. Phoenix Assurance Company.

COMPANY MEETINGS

Johnson and Firth Brown, Cutlers Hall, Sheffield, 12. Lawtex, Failsworth, Manchester, 12. Medminster, Abercorn Rooms, Bishopsgate, EC, 12. Priest Marians, Hildenborough, Tonbridge, Kent, 12. Scottish Metropolitan Properties, Central Hotel, Glasgow, 11.30. Spencer Gears, 116 Pall Mall, SW, 12.

COMPANY NEWS

Smith & Nephew up 19% in third quarter

PRE-TAX profits of Smith and Nephew Associated Companies for the 40 weeks ended October 7, 1978, show a £2.24m improvement at £14.03m, representing a 19 per cent increase on a 5.7 per cent rise in external sales.

At the 24-week stage the profit advance was one of £1.88m to £9.28m. There were at that time exchange gains of £330,000 but the strength of sterling, particularly in relation to the U.S., Canadian and Australian dollars and the South African rand, resulted in a swing to a £540,000 (£500,000) loss at the end of the third quarter.

The 40-week profit was struck after lower interest of £2.31m (£2.74m) and a higher contribution from associates of £1.39m (£0.92m).

Excluding UK deferred tax the charge is £4.5m (£3.77m) and this time there is a minority loss of £10,000. Earnings per 10p share are stated at 6.13p (5.35p). Had a provision for deferred tax been made earnings would have been 4.52p (3.85p).

The group, which operates as a manufacturer of surgical, medical and sanitary products, textiles and clothing, toiletries and plastics, reported a profit of £17.34m for the last full year.

● comment

Exchange rate fluctuations are now gnawing at Smith and Nephew's growth. Following a £300,000 first-half currency gain, exchange losses after 40 weeks total £540,000 leaving third-quarter pre-tax profits 8 per cent ahead. against an increase of 25 per cent after six months. At the operating level, however, profits for the third quarter are more than a tenth better which compares much more favourably with the preceeding half. Sales have also been hit but stripping out currency movements and they increased by 8 per cent in the third quarter, representing volume growth of roughly 2½ per cent. Smith and Nephew has greatly improved margins over the last three years and profits have consequently advanced much more rapidly than other pharmaceutical groups. There is admittedly still plenty of recovery potential in plastics and further scope in toiletries and cosmetics. The medical and hospital side is also doing well while the company maintains that demand for quality denim remains healthy. Nevertheless there is an ex-growth look about the shares which at 69½p, taking full-year profits of £20m stand on a fully taxed p/e of 11.2. With the prospect of a 15 per cent dividend increase the yield is 6 per cent.

HIGHLIGHTS

Plessey has achieved a small increase in second quarter profits but adverse currency movements have prevented it from showing any more exciting growth; the order books, however, have advanced encouragingly. Profits at Ranks Hovis are 15 per cent lower despite a £3m turnround to profits at the Wessex Finance subsidiary and the dividend has been increased by only 2½ per cent. Lex also considers the implications of the latest banking sector statistics. Smith and Nephew is another to be hit by adverse currency movements and third quarter profits are only 8 per cent higher after a 25 per cent gain at the half way stage. NSS Newsagents is suffering from a static market in its principal lines and sales growth from existing units was running below inflation. Geo. Bassett has been hit by the poor showing in Europe.

NSS expansion loses momentum

GROWTH AT NSS Newsagents slowed marginally in the second half of the year to October 1, 1978 and pre-tax profits for the full year finished 17.4 per cent higher at £3.72m on a 20.3 per cent increase in turnover.

At the interim stage when profits were ahead from £1.61m to £1.93m the directors said they expected a satisfactory result for the 12 months.

Due to a change in accounting policy, tax for the year is lower at £0.93m (£1.27m). Earnings per 10p share are shown to have risen from an adjusted 10.3p to 15.5p and the dividend total is stepped up from 2.1235p to 2.37p with a final payment of 1.57p net.

There has been a net increase of 36 retail branches bringing the total to 408. Two larger main centre stores have been opened.

● comment

The sluggish second half performance from NSS Newsagents is symptomatic of the problems facing this sector of the retail trade. In the closing six months sales rose by 19 per cent but after stripping out the contribution from new stores—36 opened during the year—sales growth was running below the level of inflation. Meantime margins came under some pressure and pre-tax profits increased by only 15 per cent. The basic problem is that all its principal lines—cigarettes, confectionery and newspapers—are in static markets, and price increases tended to be modest last year. The lack of price increases may be a temporary problem but the difficulty of static markets is more deep rooted. The only effective way NSS can keep improving its profits is by physical expansion or modernising shops to take in a wider range, such as audio departments. The other possibility is diversification and wholesaler, Wynd Up Records, is a step in that direction, though it is small in relation to the group. The outlook remains unexciting regarding sales volume, and the current disruption in the provincial press could have a damaging impact depending on its duration, but profits should keep moving ahead thanks to physical expansion. At 110p the shares stand on a p/e of 6.9 and yield of 3.3 per cent, which looks fair enough but better comparisons can be made when Martin reports its figures next Monday.

Geo. Bassett dips £0.2m but progress foreseen

COMPARED WITH an unusually profitable first half last time Geo. Bassett Holdings shows a fall in taxable profit from £1.72m to £1.51m for the 28 weeks to October 13, 1978.

The directors say they are satisfied that, despite less buoyant conditions in the industry, UK confectionery manufacture will make progress and that the measures taken to improve overseas profitability will prove effective.

They are also confident that the cumulative effect of the company's restructuring and the increasing performance of its recent acquisitions will begin to be evident towards the year-end.

Sales for the six months were up nearly £10m at £35.27m. The comparative results exclude the turnover and profits of Drakes Sweets Marketing, the wholesaling and retailing subsidiary sold in January.

The net interim dividend is raised to 1.56613p (1.4025p) per 25p share and the directors say they intend to pay a final of at least 10 per cent more than last year's 4.26436p which was paid from a maintained profit of £3m.

Tax, with the deferred element treated in line with SSAP 15, took £453,000 (£399,000) for the half year leaving a net balance of £1.06m (£1.32m) before minorities this time of £61,000. Profit was struck after interest less investment income of £274,000 (£123,000).

The principal extraordinary item which will arise at full-time relates to goodwill on the acquisition of Paterson's Scottish Shortbread and Adam Imports. At halfway this charge would have amounted to about £0.3m, the directors state.

As known, the group bought Paterson's from Booker McConnell in June for £0.94m. In August it acquired a 75 per cent holding in Adam, importers of TV games and similar products, for £0.75m cash and 60p in £ of pre-tax profits in excess of £500,000 for 1978.

● comment

There are a number of factors which distort Basset's stated first half figures, which show a profits downturn of 12.5 per cent. In the first place, last year's interim profits were exceptionally high and secondly the current figures include the contributions from new acquisitions. These additional sums are not disclosed but they could have totalled around £0.4m. So, the underlying profits fall is about a third, reflecting a sharp increase in interest charges and much tougher competition in exports markets where sales volume of sugar confectionery has dropped by a tenth, mainly in Europe. These particular conditions are unlikely to change much in the second half, especially with rising interest rates and the difficulties involved in regaining market share. However, the position is much healthier in the more important home market, where first half sales are claimed to be about 15 per cent higher in volume terms. This trend appears to be continuing and there will be a very useful contribution from the new acquisitions all of which are reported to be doing well — especially the leisure companies (hobby kits, toys and TV games). At this stage at least £3.3m looks possible for the year. Taking a line through the interim tax charge the shares, at 113½p, are on a prospective p/e of 6 while the yield is 8.3 per cent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Bankers Invest. ...2nd int.	0.5	Feb. 28	0.5	—	2.55
Geo. Bassett ...int.	1.57	—	1.4	—	5.66
Birmingham Mint ...int.	1.8	Jan. 22	1.5	—	4.86
Bristol Evening Post	3‡	—	2.75	—	6.42
Carless Capel ...int.	0.41	Jan. 19	0.37	—	0.92
James H. Dennis	1.74	Feb. 8	1.56	3.15	2.82
Dundonian	0.7	—	0.67*	—	1.42*
Flexello Castors	2.19	—	1.71	3.34	2.76
Highams ...int.	0.77	—	0.7	—	3.01
Harold Ingram ...int.	1.44	Jan. 18	1.29	—	1.29
Intnl. Timber ...int.	3	Apr. 6	2.75	—	7.04
Irish Distillers	3.53	Feb. 22	2.44	5.1	3.55
Kelsey Industries	2.36	Feb. 7	1.98	3.61	3.23
NSS Newsagents	1.57	Feb. 13	1.42	2.37	2.12
Ranks Hovis	1.97	Jan. 26	1.97	3.42	3.29

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes additional 0.055p (0.05p).

Second half upturn at Kelsey

UPTURN IN the second six months put pre-tax profit at Kelsey Industries 7½ per cent ahead at £2.14m for the year to September 30, 1978. Even so Mr. John Moss, the chairman, says the company is still "chasing its tail" to keep up with, let alone overtake, rising costs."

Because of this turnover, shown £2.2m higher at £19.08m, should be regarded with caution as it has limited bearing on the volume of business done. The combined output of the group's manufacturing companies was similar to last time but more work was completed by the contracting company, he says.

At midway, when the surplus was down from £981,415 to £862,213, the directors forecast that the final outcome would not be materially different from last year.

Immediate prospects look brighter than at the same time last year with all operating companies holding better order books. It is, however, impossible to look ahead more than a few months because of the uncertainty on the national industrial scene, Mr. Moss explains.

With deferred tax treated in accordance with SSAP 15, the tax charge came out higher at £981,592, compared with £811,631, leaving earnings per 25p share 0.4p down at 25.3p. Comparatives have been adjusted for adoption of the new standard which reduced the tax provision by £140,950 (£217,550).

A net final dividend of 2.362125p lifts the total to a maximum permitted 3.612125p (3.23475p).

During the early part of the year orders for the manufacturing companies were disappointed and they worked at below capacity. Improvement through the spring was seen and now all three operating companies, Multicore Solders, Bib Hi-Fi Accessories, and Kelseal, have good order books and production has been raised to meet demand. New and more efficient plant is being bought.

A cored solder wire using an alternative flux medium to the natural rosin, has been developed by Multicore and the directors believe this will further enhance the company's reputation in its particular market.

H. Ingram recovers—pays 1.44p

FOLLOWING LAST year's £100,000 second half loss, Harold Ingram was strongly back in profit in the first six months. Now Mr. Harold Ingram, the chairman, says he is reasonably optimistic for the current year as a whole.

For the six months to October 31, 1978, taxable profit advanced from £319,646 to £353,615, after an exceptional loss of £487, compared with a £66,312 gain last time, on sales of redundant machinery.

External sales by the group, which makes and markets knitted garments, improved to £2.51m (£2.37m).

Mr. Ingram reports that stocks have been considerably reduced thereby releasing unrealised inter-company profits of some £80,000.

The forward order position is good and the new fashion ranges are showing benefits. Also the company's German operation is now profitable and export sales, mainly to Europe, have reached £903,443 (£865,450).

The Board is sufficiently encouraged by the future outlook to commit £230,000 in capital expenditure on new computerised knitting machinery which should be installed and working early next year, he adds.

After passing the final last year the company returns to dividends with an increased net interim of 1.44p (1.29p).

Tax for the half-year took £139,203 (£132,271) leaving a net profit of £214,412 (£187,375).

Having reached a peak surplus of £0.73m for 1973-74 the group's performance had undergone a decline. Then last year a series of factors including a switch in fashions, low cost imports of T-shirts and start-up losses in West Germany, combine to produce the slump in the second six months.

Auditors disagree over Maddock accounts

ONE OF the joint auditors of Maddock, the clay pottery manufacturer, has resigned following a qualification on the group's latest set of annual results.

Arthur Young McClelland Moores and Co, in a letter to the Board, said that there has been a difference of opinion with co-auditors Cape and Dalgleish over an accounting matter.

The group, which supplies vitrified earthenware to the hotel and restaurant trades, says the auditors report, signed by Cape and Dalgleish, was qualified. It says that Cape would seek re-election as the group's sole auditors.

In the year to June 30, 1978, the group earned pre-tax profits of £247,649—some way below the £600,000 forecast at the time of the group's acquisition of TPG Investments.

Maddock, formerly the Meru Group, says the main reason behind its failure to meet the forecast was a major production set-back at John Maddock and Sons.

The group, however, is meeting its forecast dividend of 0.39p. In the meantime it is to press for a restoration of its share listing—suspended in September, 1976—and is also to seek an increase in its borrowing powers.

Bristol Post makes headway

FOR the six months to September 30, 1978, Bristol Evening Post reports pre-tax profits ahead from £815,000 to £1,199,000 on turnover up from £8.58m to £10.12m.

The net interim dividend, including a supplementary payment of 0.055p (0.05p), is raised from 2.75p to 3p. Last year's total was 6.42p from profits of £1.89m.

After tax for the six months of £623,000 against £424,000 the net balance emerges at £576,000 compared with £391,000.

The directors have decided to revalue the company's properties before March 31, 1979, and a depreciation charge will be calculated on the revised values.

James H. Dennis over £0.4m

SECOND HALF taxable profit doubled to £200,084, against £107,645, has enabled James H. Dennis and Co., engineer, to expand the surplus for the full year to August 31, 1978, by £110,339 to £412,184. This was marginally higher than the previous best of £0.39m seen in 1975-76.

Sales for 1977-78 rose from £5.63m to £6.37m.

A lower tax charge this time of £107,183 (£133,703) left the net balance up from £168,142 to £305,011 for earnings per 10p share 5.48p better at 12.05p. A net final dividend of 1.74p raises the total to 3.15225p (2.8245p).

The group sold 80 per cent of the equity of its subsidiary La Cornubia SA, manufacturer of copper sulphate and copper based fungicides, based in Bordeaux to McKechnie Brothers in September. This produced an extraordinary credit of £24,934 which has not been included in the year's results. In 1976-77 the group's operations in France showed a pre-tax loss of £11,000.

In future the company's year end will be March 31.

ISSUE NEWS

Suter raising £0.46m in deferred

In an unusual move yesterday, Lancashire-based manufacturer of hairdressing salon equipment, Suter Electrical, announced a rights issue of deferred shares.

The issue is of 4.93m deferred shares on the basis of three for every two ordinary held. The rights price is 10p each raising £465,000 net of expenses for the company. In the market Suter's ordinary shares eased 1p to 30p.

The news shares will not rank for dividends for any year up to and including 31, 1988. However a big boost to the ordinary dividend is announced. The directors intend to recommend a payment of 1p per share in respect of the current year ending next March, representing an increase of 231 per cent.

Treasury approval has been granted for the increase and it has also agreed that the new deferred shares will be entitled to the same dividend as the ordinary shares in 1989 should dividend controls still be in existence.

Suter's chairman, Mr. Giles H. Whittome, said yesterday evening that the proceeds of the rights issue will enable the company to take advantage of opportunities to expand laterally by acquisition. There was not potential target for a bid as yet, he added, but the directors were looking at some possibilities.

Mr. David Abell, of British Leyland, and family interests of Mr. Jeffry Pike, managing director of Tremletts, who together own 29 per cent of Suter's capital, have agreed to take up their rights entitlements.

The issue has been underwritten by Banque Du Rhone SA.

YEARLINGS AT 11½%

The coupon rate on this week's local authority yearling bonds has eased by an eighth to 11½ per cent. The bonds are placed at par and dated December 12, 1979.

They are: London Borough of Lambeth (£1m), Strathclyde Regional Council (£1m), London Borough of Wandsworth (£½m), West Yorkshire Metropolitan County Council (£½m), City of Glasgow District Council (£1m), Metropolitan Borough of Sandwell (£½m), Arun District Council (£½m), Borough of Ellesmere Port and Neston (£½m), City of Sheffield (£3m), Kirklees Metropolitan Borough Council (£½m), Huntingdon District Council (£½m), Cambridgeshire County Council (£½m).

Crewe and Nantwich Borough Council has raised £½m by the issue of 12⅝ per cent bonds dated December 3 1980 at par.

HUNTING SCRIP

A scrip issue of ordinary and deferred shares is proposed by Hunting Associated Industries. Basis of the issue will be one ordinary and one deferred shares for every two ordinary held.

The deferred shares will not rank for any dividend paid or declared for any period ending prior to January 1, 1986. On that date the deferred will become ordinary shares.

A. Hunting intends to increase its authorised capital to £5m by the creation of 6m ordinary 25p shares and 5m deferred ordinary 25p shares, and to amend its Articles.

The new class of capital is proposed to allow shareholders to adjust their holdings according to their own investment priorities of seeking either income or capital appreciation.

Plessey slightly ahead despite Garrard losses

SECOND quarter profits before tax of the Plessey Company rose from £9.8m to £10.7m giving a total of £23.1m for the half year ended September 30, 1978, an increase of 4 per cent on the same period last year. Earnings per share are shown at 6.11p against 6.01p.

However the group's performance continues to be adversely affected by anticipated losses of £2.1m for the half year at the consumer electronics subsidiary, Garrard Engineering. A major reorganisation of Garrard activities was announced in September.

Mr. Peter Marshall, the group's finance director, says that for the whole year the Garrard operation is likely to show a trading loss "in the region of £4m." The full year figures would also show an extraordinary item in the region of £4m for the cost of the reorganisation.

The Garrard workforce is being slashed by a total of 1,200 with the number of jobs on this operation likely to be down to 800 by the end of this year. The overall impact of the Garrard reorganisation would be to reduce sales volume from about £25m to something in the region of £11m a year.

"The effect of this will be very significant on the company. Next year we will expect trading results will be significantly improved from the £4m loss to in the region of break even."

Even after taking account of the likely £4m. trading loss at Garrard this year, Mr. Marshall still expects an overall improvement in group profits for the 12 months trading to the end of March.

The second quarter profit rise represents a 9 per cent increase in sterling terms at September 30 exchange rates, and is equivalent to an improved profit trend of 19 per cent when expressed in local currencies.

Worldwide sales figures were similarly affected by sterling appreciation, and, with a slight advance in sales by volume, turnover was up to £152m from £149.7m in the second quarter last year. First half sales amounted to £303.9m (£293.1m).

A feature of the quarterly results is the strength of the order book at a record £765m—25 per cent up on the same period last year. The growth applies in all product areas except consumer electronics, and is particularly strong in telecommunications private systems and in electronic systems.

	Six months 1978 £000	1977 £000
Sales	303,900	293,100
Telecommunications—		
Public systems	88,100	76,000
Private telecommunications	43,100	38,000
Electronic systems	82,100	77,900
Hydraulics, aerospace	45,700	45,700
Electronic components	50,800	48,200
Consumer electronics	11,100	9,400
Depreciation	10,571	10,233
Trading profit	32,548	32,558
Operating profit	21,977	22,325
Telecommunications—		
Public systems	6,178	9,696
Private telecommunications	4,575	3,071
Electronic systems	7,862	6,319
Hydraulics, aerospace	3,491	3,335
Electronic components	3,580	1,766
Consumer electronics loss	2,016	1,582
Associates	3,648	4,593
Interest receivable	715	832
Interest payable	5,214	5,520
Profit before tax	23,120	22,230
Tax	8,135	7,600
Net profit	14,985	14,630
Minorities	542	481
Attributable	14,453	14,149

See Lex

Midway rise for Bankers' Investment

Total income of the Bankers' Investment Trust improved from £891,851 to £989,332 in the half year ended October 31, 1978, and profits were £913,027 compared with £820,194 in the same period last year.

Profit is after expenses and interest of £76,305, against £71,657, but before tax of £330,858 (£304,904).

The second interim dividend is maintained at 0.5p per 25p share—the total last year was 2.55p from pre-tax revenue of £1.67m.

At October 31 this year, net asset value per ordinary, after deducting prior charges at par, was 74.5p, against 74p as at April 30, 1978.

Jeyes Group redemption

The board of Jeyes Group is to propose the early redemption of all its 8 per cent unsecured loan stock 1988-93 (of which £296,805 is currently outstanding) at £85 per £100 nominal of stock, plus accrued interest.

Since the stock was issued in 1969, the general level of interest rates has changed significantly, with the result that the market quotation of the stock has fallen substantially below its par value.

In these circumstances and *having regard also to the restrictions* imposed on the company by the deed constituting the stock, the board has concluded that it would be best for the stock to be repaid at a price well in excess of its present market value but below par.

Kalamazoo calls for changes

A CALL for a more equitable and sensible formula for allowing dividend increases was made by Mr. T. B. Morland, chairman of Kalamazoo, the business and office systems group which is controlled by the Kalamazoo Workers Alliance.

Speaking at the AGM the chairman pointed out that had the Government's concession on dividend cover been calculated on the basis of the average of five years Kalamazoo could have paid a dividend 23.5 per cent higher instead of the permitted 10 per cent increase.

The present concession allows a company to increase its dividend by more than 10 per cent if the cover after a 10 per cent increase is higher than the level recorded in the highest year since dividend restraint was introduced in 1972.

The chairman felt that this method was wrong for two reasons. Many companies, like Kalamazoo, had an uneven performance for totally external reasons. In 1973 the group had an extremely good year as a result of VAT being introduced and profits were inflated by transfers from the year before and after. Under the chairman's calculation this unevenness of performance could have been ironed out.

He also asserted that dividend restraint really forced companies to pay the maximum permitted increase every year even though it might not be the best decision in the circumstances.

It is done, however, because otherwise the base for all future dividend increases is lowered. While controls are still applied there is no way in which the amount missed in one year can be made up subsequently.

Corinne Cockrell

Mr. Joseph Rank, chairman of Rank Hovis McDougall, on the Roller floor of the Battersea flour mill.

Ranks Hovis restricts final as bread strike hits profits

REPORTING LOWER profits for 1977-78, as forecast, the directors of Ranks Hovis McDougall warn that group figures are currently being severely affected by the bakers' strike. The final dividend is being held so that holders are getting less than the maximum permitted annual dividend increase.

In the second half of 1977-78 profits were unchanged at £15.14bn compared with £15.58m leaving the total for the year ended September 2, 1978, down from £36.46m to £31.12m. The first-half reduction was blamed on losses during the 1977 bread strike aggravated by adverse conditions in the industry and a deficit in Eire.

Referring to the acquisition of Spinners bakeries the directors said in May that this would not show any material benefit until 1978-79 when they expected to see a significant improvement.

The directors now say that apart from Eire there were increased contributions during the year from the overseas division and from the UK grocery side and Wessex Finance Corporation. The trading results of the group's other main activities were generally similar to those of the previous year.

In the first two months of the current year results were ahead of target, with improved performances from nearly all sectors. However, the directors report that profits are currently being severely affected by the industrial dispute in the bakery industry, which started on November 7. In the circumstances they feel that it is not possible at this stage to make a forecast.

The 1977-78 final dividend is being restricted to an unchanged 1.968p per share making a total of 3.42p for the year, compared with 3.288p, an increase less than the maximum permitted. At this level the dividend compares with stated earnings per 25p share of 3.3p (6.1p).

The directors announce that a professional revaluation of the group's UK freehold and long-term leasehold properties at September 2 has thrown up a surplus of £78.91m. Group reserves at the year end showed an advance from £57.06m to £158.79m—apart from the valuation surplus there this position reflected a release of £25m from deferred tax and a reduction of £32m in the value of goodwill.

By not paying the maximum permitted dividend increase Ranks has lowered the base for future dividend rises. While controls are still applied there is no way in which the amount missed in one year can be made up subsequently.

	1977-78 £000	1976-77 £000
External sales	1,228,000	1,107,000
Trading profit	60,307	61,140
Depreciation	18,006	14,852
Net interest paid	13,897	11,553
Investment income	365	305
Associates	2,352	1,418
Profit before tax	31,121	36,458
Taxation	15,813	18,750
UK tax at 52 per cent	1,447	4,993
Less DTR	1,050	1,423
Overseas tax	4,515	4,602
Deferred tax	10,115	10,079
Associates' tax	1,117	929
Taxation credits	231	170
Net profit	15,308	17,708
Minorities	694	942
Extraordinary debits	1,019	1,302
Attributable	13,595	15,174
Dividends	9,612	9,232
Retained	3,983	4,942

See Lex

Intl. Timber on target

IN LINE with the profits estimate of not less than £3.5m given in last October's offer document for Bambergers, taxable surplus of International Timber Corporation expanded 18 per cent from £3.06m to £3.61m for the half-year to September 30, 1978. Turnover rose 7 per cent to £70.85m.

Mr. R. E. Groves, the chairman, reports that trading in October and November has continued at an improved level.

For the year ended March 31, 1978, pre-tax profits of £5.57m were achieved.

The half-year result was struck after interest down from £1.42m to £1.11m, including loan stock, £105,000 (£212,000).

Tax takes £1.82m (£1.53m), including overseas tax of £196,000 (£291,000), leaving net profits ahead from £1.53m to £1.8m.

Earnings per 25p share are shown unchanged at 10.8p basic, and up 1p to 9.7p fully diluted. As forecast, the interim dividend is raised to 3p (2.75p) net, which will also be payable on stock issued in exchange for Bambergers' shares—last year's final was 4.285p.

Following its loan stock conversions and after all Bambergers shares have been exchanged for corporation stock, the group will have 23.02m ordinary stock units in issue.

	Half-year 1978 £000	1977 £000
External sales	70,852	66,250
Trading profit	4,722	4,480
Interest*	1,108	1,419
Profit before tax	3,614	3,062
Tax†	1,818	1,527
Net profit	1,796	1,534
Preference dividend	5	5
Interim dividend	567	454

* Including loan stock £105,000 (£212,000).
† Including overseas tax £196,000 (£291,000).

● comment

International Timber has beaten the £3.5m profit forecast laid down in its offer document for Bambergers with £0.1m in hand, but the bulk of the 18 per cent improvement at the pre-tax level results from a lower interest charge. In the second half the interest element will move against the company, with higher overdraft rates and new borrowing to cover higher stocks and the £2.4m cash element of the Bambergers acquisition. Rising stock levels will partly reflect the seasonal pattern but IT is buying rather more timber than usual, spot and forward, in anticipation of higher softwood prices. Margins have been improving steadily since the summer as new imports are no longer cheaper than existing stocks, and this more than anything else may allow a sharp improvement in the second half given the squeezed comparable period to give a pre-tax profit of around £7.5m on the year. Demand coming from the home improvement business is compensating for the rather dull new construction market. At 124p the shares yield a prospective 9.5 per cent on a diluted p/e of about 6.2, leaving Bambergers out of the reckoning.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Alliance Investment, Armitage Shanks, Clarke Nickolls and Coombs, Coalite and Chemical Products, English Card Clothing, Holyrood Rubber, Hongkong (Selangor) Rubber, W. E. Norton, Oil and Associated Investment Trust, Pilkington Brothers, Rotaprint, Victoria Carpet, Thomas Warrington, J. W. Wassall.

Finals—Castlefield (Klang) Rubber Estate, Deanson, J. A. Devenish, Elson and Robbins, Glenmurray Investment Trust, Hanson Trust, Killinghall Rubber Development Syndicate, Peak Investments, Richards Ltd.

FUTURE DATES

Interims—	
Beechwood Construction	Dec. 12
British Steam Specialties	Dec. 19
Brownlee	Dec. 12
Great Universal Stores	Dec. 7
Vita-Tex	Jan. 11
Wagon Industrial	Dec. 7
Ward and Goldstone	Dec. 12
Wilkinson Match	Dec. 14
Finals—	
Caravans International	Dec. 13
Delson	Dec. 12
Management Agency and Music	Dec. 11
Redfearn National Glass	Dec. 12

Tribune Trust currency agreement

Tribune Investment Trust has concluded a currency swap agreement with Baring Brothers of U.S.$3m against an equivalent amount of sterling for a period of three years at an interest differential in favour of the company.

A temporary facility of $2m was arranged with Baring in July, 1978, under which $1m has been drawn, and this amount has been repaid now that the new swap agreement has come into force.

Flexello pays 20.9% more

TURNOVER of Flexello Castors and Wheels improved from £7.35m to £8.34m in the year to *September 30, 1978, and pre-tax* profits were higher at £709,364 compared with *£596,211 in* the previous year.

When reporting first-half profits up from £239,566 to £364,808, the directors said they expected current levels of business would be sustained for the remainder of the year and that second-half profits would exceed those of the first six months.

Earnings per 25p share for the *year are shown at 18.52p against* 14.75p and a final dividend of 2.1871p *makes a total of 3.3421p* against 2.764p, a rise of 20.9 per cent.

The directors explain that Treasury consent has been obtained to increase the dividend for the year to £110,580 to restrict the dividend cover to the highest cover achieved for any year since control began.

After tax of £96,748 (£108,208) *net profit for the year is £612,616* against £488,003. SSAP15 has *been adopted and comparisons* have been adjusted. All the accumulated provision for deferred tax of £778,088 has been transferred to reserves.

On the current year the Board states that although the rate of *improvement* in turnover and profits seen last year may not be *maintained, it is confident that* at least a modest improvement will be achieved.

Scott. Amicable lifts cover

The Scottish Amicable Life Assurance Society has announced a higher scale of automatic cover *for new investors to its Super*annuation Schemes—the pension scheme available for directors and other top executives. It is also giving existing investors the *opportunity to increase existing* life cover without a further medical examination.

One of the most valuable benefits provided by an executive sum payable on death in service *which is free of Capital Transfer* Tax. Life companies on these executive schemes provide auto*matic life cover up to a certain* level, without medical evidence.

Thus even if the executive is in poor health and would not be accepted for ordinary life assurance, he can get life cover on the pension arrangement usually up *to quite high levels. This latest* move from Scottish Amicable puts *this automatic cover even higher.*

Existing members of these schemes can now increase the life cover by 10 per cent each year right up *to the normal pension age of 65. This will give them the* opportunity of maintaining the *existing ratio of death benefits to* salary. The company only insists on a medical or further medical examination when the total amount of the life cover reaches twice the initial cover, or £100,000 if this limit is greater.

Scottish Amicable is virtually the only life company that still uses a with-profits endowment assurance contract for its basic executive pension vehicle. It claims that not only is it a simple and efficient vehicle for this pur*pose,* but it automatically increases the life cover each year with *the bonus additions.*

Dundonian jumps 96.5% —prospects excellent

GOOD PROGRESS in trading at *Dundonian lifted taxable* profit by 96.5 per cent from £60,542 to £118,988 for the six *months to* September 30, 1978, and Mr. Max Lewinsohn, the chairman, says that future prospects look excellent.

Historically the majority of the group's annual surplus is earned in the second half and a substantial increase for the full year is anticipated, the chairman states. For 1977-78 the profit jumped from £103,054 to £195,000.

The group's tin and tungsten mining interests, held through a wholly owned subsidiary, South West Consolidated Minerals, are developing well. The exploration *programme recently completed by* independent consultants justifies cautious optimism, with *results* showing average grades of ore and potential reserves which compare favourably with established and successful tin mines elsewhere, the chairman states.

The objective is to develop a profitable new Cornish mine producing both tin and tungsten *concentrates.* The emergence of tangible results has increased interest *in the project, and South* West Consolidated Minerals is raising £240,000 by the issue of 120,000 new shares, which represents 8 per cent of the share capital and values the subsidiary in excess of £3m. Following this *transaction* Dundonian's holding of 1.5m shares will represent some *92 per cent of the equity.*

Recent acquisitions, including finance and insurance *subsidiaries* in Guernsey made a significant contribution to the first-half result.

Turnover soared 125.3 per cent to £415,239. Tax amounted to £30,350 (£18,100) leaving earnings *per 20p share ahead at 2.4p* (1.64p). The net interim dividend is effectively raised from 0.67p to 0.7p and costs £35,723 (£29,622). The total last time was an adjusted 1.4174p.

BIDS AND DEALS

Robertson Foods moves into home brewing

A move into the home brewing business is being made by Robertson Foods with the £1.6m acquisition of Unican, the Pentland Group subsidiary.

Pentland, which paid £51 for *its £51 per cent stake in Unican* in 1974, is making a handsome profit on the deal. *Its share of* the purchase price is worth £1m.

To meet the cost of the deal Robertson is issuing 1.2m shares of which just over three-quarters are to be placed with a number of institutions.

The other 49 per cent of Unican which supplies both concentrates and kits for home wine and beer making—is held by the four Unican directors who are to be retained by Robertson. Their *share of the deal* is worth £600,000.

Robertson *said that Unican* operates in a rapidly growing market and *that the acquisition* marked a further stage in the group's diversification programme.

In the first eight months of this year Unican generated £194,000 pre-tax profit and Robertson said that volume sales and *profits would be even higher in* the final four months.

Last year Unican pre-tax profits were £118,000. Net tangible assets of Unican at the *end of August* were said to be £350,000—including £79,000 deferred tax.

Meanwhile, Pentland which is making a *£999,949 pre-tax* gain on the sale of its controlling interest will be using some of this cash to meet the cost of installing a new computer. It also says it will be *looking round for possible* acquisitions.

Pentland already operates as an international trader with interests in footwear and sports gear.

RACAL STEPS UP ADWEST HOLDING

Racal Electronics has converted a *holding of £277,000 of 10½ per* cent convertible unsecured loan stock into 193,814 ordinary shares in Adwest Group.

This increases its ordinary shareholding to 916,328, representing 9.35 per cent.

FAMILY SALE TO DWEK GROUP

Three members of the Dwek family have sold their privately owned Tyrone Metalcraft business to the Dwek Group, in which the family also has a 60 per cent stake.

The *initial purchase price for* Tyrone is £150,000 cash but there may be a *further consideration* —to be met by the issue of Dwek Group shares, depending upon the profit performance of the new acquisition.

Mr. Maurice Dwek and his two brothers, Leon and Elie, formerly owned the private company which through its wholly owned subsidiary Lancashire Metalcraft was *a significant supplier to the main* group — accounting for around *four per cent of Dwek Group* turnover.

At the same time as announcing the new acquisition the group revealed that it had made £316,000 —showing a surplus of £210,000 —from the sale of its 5.8 per cent stake in Crystalate Holdings.

Duncan Lawrie stake in Brown Shipley

After months of speculation, it emerged yesterday that Duncan Lawrie Investments has been the company building up a stake in Brown Shipley Holdings, the *merchant bank and insurance* broker.

Duncan Lawrie, part of the plantation group Walter Duncan Goodricke, has just gone over the 5 per cent level at which its interest has to be announced.

"A very good asset situation" was how a spokesman for Duncan *Lawrie described the attractions* of Brown Shipley yesterday. The two companies have worked together before and he hoped that the stake would cement their business relationship.

Brown Shipley was selling at a *discount to the net assets shown* in the accounts and could well have substantial *inner reserves*, he said. One of its property investments alone was worth about half its market capitalisation, he maintained.

But Duncan Lawrie *denied* that it had any bid intentions towards *Brown Shipley. Apart from the* question of paying for such a bid, Duncan Lawrie thinks that the Bank of England would veto it.

At yesterdays price of 235p the stake of 280,000 shares is worth £658,000. Duncan claims that this *is the highest price it has paid in* building up the stake, although the shares hit 268p in the summer. Duncan's average cost was apparently about 225p or 230p.

Lord Farnham, chairman of Brown Shipley, said yesterday that he was "quite neutral" about the stake. Business might flow between *the two companies but only on its* merits, he said. Brown Shipley did not want to be taken over by anyone. "Independence is our appropriate role," he added.

SHARE STAKES

Comfort Hotels International— Mr. R. S. Cowen has disposed of 350,000 shares.

Francis Sumner Holdings—M. Maimann, chairman, notifies that Louis Flower, family investment company, *has bought* 200,042 shares and now holds 1m (3.73 per cent).

Trafalgar House—Kuwait Investment Office, as result of disposal *on November 27 of 25,000 shares*, now has interest in 9,447,000 *(3.91 per cent).*

Sogomana Group—Lawrie Plantation Holdings has acquired 5,000 shares making holding 415,000 (13.32 per cent).

Mount Charlotte Investment— R. E. G. Peel, managing director, has bought 15,000 shares at 23p.

Mercury Securities—G. C. Seligman, deputy chairman, sold 12,500 shares at 111p on December 1.

John Laing and Son—Lady Hilda Laing, wife of Sir Maurice *Laing, has disposed of* 25,000 "A" ordinary shares at 73p.

Walter Lawrence—*R. J. Pritch*ard, director, disposed of 100,000 shares on behalf of estate *of* G. Lawrence on November 15.

Eva Industries—Walbrook Investment Trust on November 27 were interested in 475,000 shares (5.07 per cent).

DANISH GROUP IN UK

A new UK-based subsidiary, Meat Engineering and Technology, has been formed by the Danish Atlas Group, whose interests span slaughterhouses, meat processing plants, dry rendering plants for *animal, poultry and* fish and industrial refrigeration.

The new company, based on the Gloucester Trading Estate, Gloucester, will manufacture in the UK and market worldwide dry rendering plants for animal and poultry.

BROOKE TOOL

Menteith Investment Trust and its subsidiaries sold on Novem*ber 24 their entire holding of* 921,000 shares in Brooke Tool Engineering.

Birmingham and Midland Counties Trust between November 24 and 30 bought a total of 1.15m shares (23.08 per cent) at *prices up to 53½p each.*

BOC PURCHASE

BOC International is *making an* agreed bid for Software Sciences International, a systems and software company with annual sales of £3m in the year to *October 1978*, which is majority-owned by its own staff.

The purchase *price, which will* to some extent depend on the company's performance over the next three years, is not being disclosed at the request of Software Sciences.

Software Sciences employs 400 people in the UK, U.S. and Europe. It hopes to expand sales to £9m in the current year — profits are running at between four and five per cent of turnover.

Sanger in preliminary talks

Meat trader J. E. Sanger, which reported recently a £575,000 pre-tax loss, has announced that it is a *possible* takeover candidate.

The group's shares closed 3p up at 40p last night — *having* risen 5p at one stage — on the company's announcement that a bid approach had been made but talks were only at the preliminary stage.

This year Sanger plunged into losses amounting to over £½m in the 15 months to June 30. This compared with the £1.1m profit earned *in the previous 12 months.*

The major problems have been in the U.S. market but there have also been losses at the group's Astromarket bulk selling unit in Essex.

The group has since carried out a rationalisation programme in the U.S. and last month said that its operation there was now *making a small profit.*

It is difficult to ascertain Sanger's current financial state but it is unlikely that the balance sheet will have improved since its last accounts — for the year ending March 31, 1977. This *showed net borrowings of £4.1m* compared with shareholders funds of £3.7m.

NURDIN & PEACOCK IN HOVE

Nurdin and Peacock, cash and carry wholesalers, has recently commenced building a 60,000 sq ft cash and carry warehouse on railway property at D'Avigdor Road, Hove.

The new branch will replace the existing warehouse at Victoria Road, Portslade. It is expected to be open for the 1979 Christmas trade.

NO PROBE

The proposed merger between Multi-Purpose Holdings Berhad, *and Plantation Holdings is not to* be referred to the Monopolies Commission.

HILTONS STAKE CHANGES HANDS

Mr. A. F. O'Sullivan has sold 231,680 ordinary shares (5.66 per cent) of Hiltons Footwear at 105p each. He remains beneficially interested in 19,640 shares and non-beneficially interested in 19,640 shares.

The 231,680 ordinary shares were acquired by *Lloyds* Life Assurance at the same price.

ASSOCIATE DEALS

On December 4, J. Henry Schroder Wagg bought 1,000 General Electric Company at [illegible] on behalf of a[illegible], and S. G. Warburg bought on behalf of *associates* 25,000 at 337p and 1,250 at [illegible].

Carless Capel off 28% at midway but now improving

A REDUCTION of 28 per cent to £0.82m in profit, before tax, is reported by Carless Capel and Leonard for the half year ended September 30, 1978. However, the *directors state that the trading* pattern indicates some recovery *in the second half.*

They point out that the main source of profit is the hydrocarbon solvents business. Unlike earlier years, the contribution made by the refining of gas condensate is now relatively small.

The directors say that it has long been recognised that alternative areas for development will be needed and as a means to this end, new capital has been and increasingly will be committed to *oil and gas exploration and pro*duction.

In accordance with normal practice investments in North America *are capitalised and* depleted or amortised out of pro*duction income, while in the UK*, until such time as production is achieved, all expenditure is charged against profits during the year in which it is incurred. It is expected that the return from these activities will build up over the next few years to provide the required growth.

Drilling is currently taking place in block 21/2 further to *delineate the discoveries of oil* and gas previously made. By *virtue of the farm-out arrange*ments made in 1977 these *appraisal wells will not involve* the company in further expenditure the directors state.

First half earnings per 10p share are stated at 1.4p against 2.0p. The interim dividend is increased from 0.3685p to 0.4115p net—the total for 1977-78 was 0.9214p paid from profits of *£2.03m.*

Birmingham Mint higher at six months

With turnover ahead from *£4.36m to £5.1m, pre-tax* profits of the Birmingham Mint advanced to *£266,000 for the half-year* to September 30, 1978, compared with £154,000 which has been adjusted upward, to *take account* of the insurance credit received recently in respect of that period.

The directors say profit is in line with indications given in the *annual statement*, when an "excellent" half-year result was antici*pated* and *the trend* expected to continue through the second half.

They now *report that* second half profits will show a material advance over the first *six months*. For all the previous year, taxable surplus was £386,000.

Order books for the company's currency minting activity continue to be good, but there has been no noticeable improvement in demand in most of its other markets.

First half profits included a £4,000 surplus (£8,000 loss) on *metal stocks, but were before tax* of £73,000 (£15,000) and minorities £1,000 (£12,000).

The net interim dividend is stepped up from 1.5p to *1.8p per* 25p share—the 1977-78 final was 3.38p.

Advance for Irish Distillers

FOLLOWING A jump from £1.7m to £3.82m at midway, pre-tax profits of Irish Distillers Group finished the year to September 30, 1978, ahead from £4.87m to a *record £7.28m*. Turnover amounted to £69.78m against £58.48m.

At half time, the directors said the increase in profits in the second six months was unlikely to *match* the first-half growth, in view of the rise in interest rates. *But, they looked* forward to continued progress.

Yearly profits were subject to tax of £2.36m (£1.34m) and minorities, leaving the attributable *balance up from* £3.38m to £4.79m.

Stated earnings rose from 14.75p to 20.87p per 25p share and a final dividend of 3.5325p *net lifts* the total payment to 5.1025p (3.5475p), equal to 6.5p (4.75p) gross. A one-for-one scrip issue is also proposed.

	1977-78 £000	1976-77 £000
Turnover	69,779	58,478
Depreciation	740	645
Interest paid	1,532	1,901
Share of assocs. profit	41	58
Profit before tax	7,280	4,270
Tax	2,382	1,344
To minorities	138	143
Attributable profit	4,790	3,383
Retained	3,618	2,568

First half progress by Highams

THE 26 weeks to September 30, 1978, at Highams, textile manu*facturer*, resulted in higher turnover and pre-tax profits, with figures *of £12.37m and £762,000* respectively. This compares with £11.08m and £506,000 for the first 27 weeks of the previous year.

Profit is struck after debenture interest of £128,000 (£118,000). Tax took £396,000 (£262,000).

The interim dividend is lifted from 0.7p to 0.77p net per 25p share. *Last year's total payment* was 3.011p from profits of £1.17m.

Mid-year profit for Shaw & Marvin

There was a *recovery* to profit after 12 months in loss at Shaw and Marvin, mercerisers, dyers and knitwear makers, for the half*year to September 30, 1978*, but still no return to dividends.

However *the directors in report*ing a surplus of £4,960, against a loss of £12,784 last time, again with no tax payable, say that the second half has started very well. Assuming that trading conditions are maintained they *expect* to *report a satisfactory profit* for the full year.

Sales for the six months were marginally ahead at £883,589 (£833,858).

هكذا من الأصل

PUBLISH. OR BE DAMNED.

Next week 100,000 BL car workers will decide in a secret ballot whether or not to accept a new pay offer.

An offer that has aroused a fair amount of comment in the press.

A lot of it less well informed than it should be.

So we'd like to publish the full story.

It has been suggested that BL is a "lame duck" and is in no position to consider any kind of wage increase whatsoever.

Anyone who passes comment on the fortunes of BL should present all the relevant facts. Rather than a few facts wrapped up in a bundle of fiction.

Here are the relevant facts.

The offer consists of two elements.

A basic pay rise of 5%, financed from profits. Modest perhaps, but profits our critics would have you believe don't exist.

On top of this, there is a comprehensive package which includes a common wage bargaining date for which there has long been a recognised need; a move towards parity payments, so that people doing the same job in different plants will reach wage parity by next November; plus other restructuring agreements.

All of this is being paid for–not by the Government or our customers–but by extra productivity in the form of de-manning and genuine increased output per man.

Unlike some productivity deals, this one will only be paid as and when the extra productivity has been delivered.

This is the package that has been recommended by the Union Members of the BL Cars Joint Negotiating Committee for approval by ballot, and this recommendation has been endorsed by a 3–1 majority of senior shop stewards throughout the company.

Of course there is still much to put right at BL.

But profits at the half-year were ahead of targets agreed with the NEB and Government. Even after hefty interest payments on Government loans.

And the outlook remains good.

And equity funding from the NEB is being used as it was designed to be used. To finance investment in new equipment and new products. Until such time as we can go it alone.

Add the fact that our employees are showing ever-increasing responsibility and determination to put BL firmly on the road to recovery, and you can see why we have grounds for optimism.

And why we will not stand by and see these efforts devalued by misleading and misinformed criticism.

BL Limited

RESIDENTIAL PROPERTY

Christmas Gifts

COMPANY NOTICES

THE MESSINA (TRANSVAAL) DEVELOPMENT COMPANY LIMITED
(Incorporated in the Republic of South Africa)

AUDITED INCOME STATEMENT

COMPANY For the year 30.9.77	30.9.78	R000s	GROUP For the year 30.9.78	30.9.77
1,490	(1,617)	Net Income/(Loss) from Mining	8,620	11,987
1,197	534	Deduct Prospecting and expenditure on mining projects written off	534	1,401
293	(2,151)		8,085	10,586
		Net income from industry after depreciation	5,846	6,528
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NOTE—Certain comparative figures have been re-grouped.

[illegible]

By Order of the Board,
THE MESSINA (TRANSVAAL) DEVELOPMENT COMPANY LIMITED
A. T. TICKNER, London Secretary.

5 December, 1978.

SPARBANKERNAS BANK
US $30,000,000 8¼% Bond Loan 1978/88

NOTICE IS HEREBY GIVEN [illegible]

Stockholm.
December, 1978.
SPARBANKERNAS BANK

NOTICE TO HOLDERS OF [illegible] GUARANTEED CONVERTIBLE DEBENTURES 1978 OF MASTERTAPE (MAGNETIC) LIMITED (in liquidation)

NOTICE IS HEREBY GIVEN by BANK OF SCOTLAND [illegible]

6th December, 1978.
BANK OF SCOTLAND

SVERIGES INVESTERINGSBANK AB
[illegible]

S. G. WARBURG & CO. LTD. [illegible]

6th December, 1978.

BRITISH STEEL CORPORATION
[illegible] GUARANTEED BONDS 1989

S. G. WARBURG & CO. LTD. [illegible]

6th December, 1978.

COMPANY NOTICES

THE UNION COLD STORAGE OF SOUTH AFRICA LIMITED
(Incorporated with limited liability in the Republic of South Africa)

DIVIDEND No. 30

NOTICE IS HEREBY GIVEN that Dividend No. 30 of 24 cents per share has been declared payable to shareholders registered in the books of the Company at the close of business on 15th December, 1978.

The Dividend is declared in the currency of the Republic of South Africa and Warrants in payment will be posted on or about 17th January, 1979 from the Head Office and the London Office.

Payment from the London Office will be made in United Kingdom currency at the rate of exchange between the two currencies at which the funds to meet payment from the London Office will be remitted on 15th December, 1978.

A Non-Resident Shareholders' Tax of 15% will be deducted from dividends payable to shareholders whose addresses in the Share Registers are outside the Republic of South Africa. Warrants despatched from the London Office to persons resident in Great Britain or Northern Ireland will be subject to deduction of United Kingdom Income Tax at a rate to be arrived at after allowing for relief in respect of overseas taxation.

The Transfer Books and Register of Members of the Company will be closed from 16th to 26th December, 1978 both days inclusive.

BY ORDER OF THE BOARD.
London Secretaries,
AFRICAN FINANCE CORPORATION LIMITED.
per: A. T. Tickner

London Office:
29/30, St. James's Street,
London, SW1A 1HB.
5th December, 1977.

CANADIAN AND FOREIGN SECURITIES CO. LIMITED

The Royal Bank of Canada Trust Corporation Limited have received the following cable:

"Due higher than anticipated December income Directors Canadian and Foreign Securities today declared additional dividend five cents on ordinary stock payable December twenty-ninth shareholders record December sixth.
Jackman."

1st December 1978.

THE ISRAEL ELECTRIC CORPORATION LTD.
6% DEBENTURE STOCK 1969/85

At the draw held on the 30th November, 1978, Section 2 (two) of Tranche "A" and Tranche "B" of the above Debenture Stock was drawn for redemption.

The registers will be closed from 16th to 25th December 1978 inclusive, for payment of the half yearly interest on 31st December 1978.

BANK LEUMI (U.K.) LIMITED
London Registrars and Paying Agents

4/7 Woodstock Street,
London W1A 2AF.
4th December 1978.

LEGAL NOTICES

TRUSTEE FOR THE CREDITORS OF JAMES O'CONNOR & COMPANY THE STOCK EXCHANGE, LONDON

In the Matter of the Estate of James O'Connor & Company, declared defaulters on the 15th November, 1973, formerly trading as Stock and Share Brokers of Limerick and Galway and Members of The Irish Stock Exchange, take notice that Richard Arthur Thompson, Trustee for the Creditors by Trust Deed registered in the Central Office of the High Court, Dublin, on 11th December, 1973 declares that the Final Dividend to Creditors will be paid after the expiry of this notice.

Any person or Company who consider they may have a claim against the above-mentioned firm, or any partner of the firm and who have not completed and returned a Form of Assent to the Trust Deed, must lodge their claim by 31st January, 1979.

No claim submitted after 31st January, 1979, will rank for adjustment of dividends. Further claims should be forwarded direct to R. A. Thompson, Esq., Trustee for the Creditors of James O'Connor & Company, The Stock Exchange, London EC2N 1HP, or David Ensor, Esq., Messrs. Eugene F. Collins & Son, 61, Fitzwilliam Square, Dublin 2.

PUBLIC NOTICES

STRATHCLYDE REGIONAL COUNCIL

£6,000,000 Bills issued today maturing on the 7th March 1979 at 11.6093. Total applications for £51,000,000. Total Bills outstanding £24,000,000.

NORTHAMPTON BOROUGH COUNCIL

Bills issued today due 7.3.79 £250,000 at 11 39-64ths £650,000 at 11. Total applications £7.45m Bills outstanding £900,000.

Christmas Gifts

EDUCATIONAL

FLORENCE

[illegible]

RESIDENTIAL PROPERTY

FREEHOLD TOWN HOUSE at King Henry's Rd, NW3 [illegible]

ART GALLERIES

AGNEW GALLERY, 43, Old Bond St., W.1. [illegible] CHRISTMAS PRESENTS [illegible]

[illegible]

MINING NEWS

Bethlehem's $100m China iron mine deal

BY KENNETH MARSTON, MINING EDITOR

ADDING TO the fast-growing momentum of U.S.-Chinese trade, Bethlehem Steel confirmed yesterday that it had signed a wide-ranging agreement with Peking to assist in the development of a major iron ore mining project, reports David Lascelles from New York.

Under the agreement, said to be worth over $100m (£51.4m), Bethlehem will provide China with technical, engineering and management advisory services to help it towards its ambitious goals of doubling steel production to 60m tons by 1985.

The kernel of the deal is an arrangement for Bethlehem to be involved in the planning and development of a large iron ore mine at Shuichang, 150 miles west of Peking in the Hupei province. The project entails major expansion of an existing open pit mine, and the construction of ore beneficiation and pelletising plants.

No details of the projected capacity of the mine or of its cost have been disclosed. But Mr. Russell Grander, leader of the Bethlehem delegation that negotiated with the Chinese, has said that work is to start immediately. Such projects usually have a lead time to production of six or seven years but "we're shooting for four," said Mr. Grander.

The deal was the outcome of two trips to China by Bethlehem Steel officials starting last summer, and one trip to the steel company's Pennsylvania headquarters by Mr. Hsu Chih, vice-chairman of the China Society for Metals.

It is believed to be the first large iron project China has awarded to a Western company, and U.S.-Chinese trade observers do not expect it to be the last.

Messina shock

HOPES that the Messina (Transvaal) South African and Rhodesian copper mining and industrial group would achieve a recovery in the second half of its year to September 30 are dashed by news of a loss for the full year of R6.42m (£3.82m) compared with a profit of R2.75m in 1976-77. No dividend is being paid; there was a total of 30 cents for the previous year.

The group achieved a net profit from its mining and other operations of R2.08m, but it has been hit by an extraordinary debit of R8.5m. The latter reflects primarily losses in Premier Metal Holdings, in the sale of the crane hire business to Leason-Afmec and the write-down of the group's investment in Concorde Bank.

Premier's predicament has resulted from a severe trading loss, the write-off of its loans to Leason-Afmec and the provision of R4.6m for potential losses on the disposal of surplus parts and components. Messina's latest results reflect a total write-off of Premier's existing equity.

It is added that in the belief of Messina and Premier's other shareholder, the U.S. Clark Equipment, that Premier can ultimately be restored to profitability. The two partners have thus decided to recapitalise Premier with an equity injection of R7.25m.

Although the copper operations could show better earnings in the current year, Messina shareholders must hope that their company's faith in Premier will be justified.

Sadly, it is by no means rare for mining companies to run into problems when they diversify from their traditional business, as Messina's past experience testifies. The shares were unchanged at 58p prior to the latest news yesterday.

Still no rush for UK aid

MINING companies have been taking rather more advantage of the Government assistance offered to them for mineral exploration projects in Great Britain under the Mineral Exploration and Investment Grants Act, 1972. But there has been no rush.

The Department of Industry's sixth annual report on the workings of the Act shows that in the year to March 31 a total of 11 companies applied for £844,886 assistance for 23 exploration projects, or further stages of existing projects. This compares with applications for £289,134 in 1976-1977.

Of the projects, 20 were for non-ferrous exploration, two for fluorspar and one for potash. Total assistance approved under the Act by March 31 amounted to £1.6m while total applications amounted to £2.5m.

They have come from 44 companies involved in mineral exploration in 156 areas. Of these projects, 76 were in Scotland, the rest being in Wales, South-West England, North England and Pennines, and the West Midlands.

In addition to the assistance already awarded by the Department, a further £932,950 involving 30 projects is still under consideration. Work on 107 projects has been finalised. However, this is still a disappointing response to the offer of £50m which has been made available under the scheme.

The reasons for this include the depressed level of metal prices, problems of securing the ownership of mineral rights—particularly in Cornwall—plus environmental problems and the thicket of planning and other consents that must be obtained.

Under the Act, companies may apply for up to 35 per cent of the costs of exploration for non-ferrous metals, fluorspar, barium minerals and potash and evaluation up to the point at which a decision can be taken on the commercial viability of an orebody.

Mineral Exploration and Investment Grants Act, 1972: Sixth Annual Report by the Department of Industry. S.O 25p.

As already reported, Patino is aiming to become a private company by way of an offer of C$20.125 per share to acquire the 15 per cent (657,239 shares) of its stock not already owned by the company or its controlling shareholder, Canbrusa Mining NV. A total of 121,860 shares has been tendered so far under the offer which is not to be extended beyond December 29.

Sungei Besi & Killinghall

HIGHER sales of tin concentrates together with increased prices for them have resulted in the Malaysian Sungei Besi raising its half-year net profits to M$3.6m (£800,000) from M$3.1m a year ago. The total for the previous full year to March 31 last was M$6.9m.

An interim dividend is declared of 170 cents (37.8p) before Malaysian income tax at 40 per cent. For 1977-78 Sungei Besi paid only a final dividend of 65 cents before tax.

The company says that production during the six months exceeded expectations and should be higher in the second half. The Hong Fatt section of No. 2 open-cast will continue to be the main source of production in the current half-year but production is expected to begin at the new No. 3/5 open-cast in the third quarter.

Kamunting Tin Dredging reports a net profit of M$181,000 for the same six-month period which goes against a loss of M$159,000 a year ago. There was a profit for the full year to March 31 of M$475,000. In this case an interim is declared of 7.5 cents before tax. For 1977-78 there was a total payment of 12.5 cents.

RAND LONDON'S NEW PURCHASE

Johannesburg's Rand London Corporation announces that it has reached agreement with Mr. W. J. Grobler to acquire for R500,000 (£297,500) the Colorado Granite black granite operations at Belfast in South Africa's Eastern Transvaal.

The acquisition will take effect from January 1 next, but it is not expected to make a significant contribution to group earnings for the current year to June 30.

The coal and other minerals group recently made a 35-for-100 rights issue at 77 cents per share. Current year's earnings have been forecast at 38 cents per share and the dividend is to be maintained at 10 cents on the higher capital. The shares were 38p yesterday.

WIMPEY CANADA COAL DEAL IS CALLED OFF

The open-cut coal-mining project of the British-owned George Wimpey Canada at Stellarton, Nova Scotia, is not to go ahead. This writes finish to the deal of December, 1976, whereby the Canadian provincial government had awarded the project to Wimpey to carry out an engineering feasibility study of the site.

The conclusion, according to the government, is that "although the coal could be mined at an attractive cost compared with alternative fuels, the quality of the coal could not be upgraded without substantial losses.

"In plain language, extensive burn tests at the Trenton power plant showed that the coal could not be burned without substantial 'economic penalties being incurred'." But the government agency, Novaco, will continue work at other sites "to identify the extent of near-surface coals and to bring them into production."

PATINO MINES DOING BETTER

Thanks to better prices for gold and copper coupled with increased productivity, the Patino NV group's mines in the Chibougamau district of north-west Quebec have raised earnings in the third quarter, reports John Suganich from Toronto.

As a result, the nine-month total from all sources comes out at U.S.$6.3m (£3.34m), or $1.67 per share, compared with $5.2m, or 77 cents per share, in the first nine months of last year.

IN BRIEF

BLACKWOOD MORTON AND SONS (HOLDINGS)—carpets, felts, jute yarn and towels—Results for year to June 30 1978 reported October 31. Group fixed assets [illegible], net current assets [illegible]. Funds decreased by [illegible] increase). Meeting, Kilmarnock, December 28, noon.

MALAYAN TIN DREDGING—Results for the year ended June 30, 1978 already known. Group fixed assets [illegible]. Buffer stock contributions and advance deposit nil [illegible]. Contributions to the fifth buffer stock were repaid by the Malaysian Government in full in April 1978. Investments £1,636,360 (£1,707,224). Net assets [illegible]. Meeting, Kuala Lumpur, December 22.

SUNGEI BESI MINES—Interim dividend of 170 cents per share, less Malaysian income tax at 40 per cent (1977-78—nil) payable on January 11, 1979 to shareholders registered December 28, 1978; the amount distributable being M$5.16m.

Banking figures

(as table 9 in Bank of England Quarterly Bulletin)

ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIOS, AND SPECIAL DEPOSITS

1—Banks	Nov. 15, 1978 £m	Change on month £m
Eligible liabilities		
UK banks		
London clearing banks	25,423	−172
Scottish clearing banks	2,759	+ 55
Northern Ireland banks	897	+ 28
Accepting houses	1,860	− 77
Other	6,571	+ 10
Overseas banks		
American banks	3,896	− 18
Japanese banks	268	− 38
Other overseas banks	2,133	+ 5
Consortium banks	231	+ 4
Total eligible liabilities*	44,638	−203
Reserve assets		
UK banks		
London clearing banks	3,354	+ 31
Scottish clearing banks	363	+ 2
Northern Ireland banks	128	+ 2
Accepting houses	363	− 9
Other	890	− 22
Overseas banks		
American banks	544	+ 21
Japanese banks	39	− 5
Other overseas banks	411	+ 4
Consortium banks	42	+ 1
Total reserve assets	6,033	+ 45
Constitution of total reserve assets		
Balances with Bank of England	413	+119
Money at call:		
Discount market	2,663	−564
Other	205	− 36
Tax reserve certificates	—	—
UK, Northern Ireland Treasury Bills	1,041	+109
Other bills:		
Local authority	183	+ 15
Commercial	798	+ 9
British Government stocks with one year or less to final maturity	726	+394
Other	—	—
Total reserve assets	6,033	+ 45
Ratios %		
UK banks		
London clearing banks	13.2	+ 0.3
Scottish clearing banks	13.2	− 0.1
Northern Ireland banks	14.2	− 0.3
Accepting houses	14.2	+ 0.2
Other	13.5	− 0.4
Overseas banks		
American banks	14.0	+ 0.6
Japanese banks	14.6	+ 0.3
Other overseas banks	15.0	+ 0.1
Consortium banks	18.0	—
Combined ratio	13.5	+ 0.1
	£m	£m
N.B.—Government stock holdings with more than one year but less than 18 months to final maturity amounted to	326	−244
2—Finance houses		
Eligible liabilities	379	+ 13
Reserve assets	39.7	+ 1.4
Ratio (%)	10.5	—

Special deposits at November 15 were £1,092m (up £41m) for banks and £11m (unchanged) for finance houses. * Interest-bearing eligible liabilities were £28,685m (down £209m).

London Clearing Banks' balances

as at November 15, 1978

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. Tables 1, 2 and 3 are prepared by the London clearing banks. Tables 1 and 2 cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the banking sector. Table 3 cover the parent banks only. In this, it is comparable with the figures produced by the Bank of England, which show the reserve positions of all the banking sectors subject to credit control. Minor differences here arise from the exclusion from the clearing bank figures of Coutts, a subsidiary of National Westminster but a clearing bank in its own right.

TABLE 1.
AGGREGATE BALANCES

LIABILITIES	Total outstanding £m	£m	Change on month £m	£m
Sterling deposits:				
UK banking sector	5,647		+276	
UK private sector	28,106		+203	
UK public sector	318		+ 4	
Overseas residents	2,381		− 14	
Certificates of deposit	2,036		− 45	
		38,681		+ 424
of which: Sight		16,167		− 126
Time (inc. CD's)		22,520		+ 550
Foreign currency deposits:				
UK banking sector	4,637		+346	
Other UK residents	1,167		+105	
Overseas residents	11,956		+541	
Certificates of deposit	1,178		+ 43	
		18,938		+1,035
Total deposits		57,625		+1,459
Other liabilities*		9,115		− 129
TOTAL LIABILITIES		66,740		+1,331
ASSETS				
Sterling				
Cash and balances with Bank of England		1,188		+ 139
Market loans:				
Discount market	1,912		−326	
UK banks	7,173		+426	
Certificates of deposit	808		−133	
Local authorities	995		+ 4	
Other	269		− 68	
		11,160		− 97

	Total outstanding £m	£m	Change on month £m	£m
Bills:				
Treasury bills	551		+102	
Other bills	854		+ 72	
		1,405		+ 174
Special deposits with Bank of England		675		+ 23
Investments:				
British Government stocks	2,157		+ 3	
Other	1,396		+ 4	
		3,553		+ 7
Advances:				
UK private sector	19,653		+170	
UK public sector	248		− 57	
Overseas residents	3,134		− 39	
		23,036		+ 74
Other sterling assets*		5,586		− 37
Foreign currencies				
Market loans:				
UK banks and discount market	4,086		+308	
Certificates of deposit	217		+ 2	
Other	8,283		+621	
		12,586		+ 932
Bills		51		+ 3
Advances:				
UK private sector	3,116		+ 98	
UK public sector	987		− 9	
Overseas residents	3,389		+ 58	
		6,492		+ 147
Other foreign currency assets*		1,008		− 37
TOTAL ASSETS		66,740		+1,331
Acceptances		334		+ 6

* Includes items in suspense and in transit.

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

	TOTAL Outstanding £m	TOTAL Change on month £m	BARCLAYS Outstanding £m	BARCLAYS Change on month £m	LLOYDS Outstanding £m	LLOYDS Change on month £m	MIDLAND Outstanding £m	MIDLAND Change on month £m	NATIONAL WESTMINSTER Outstanding £m	NATIONAL WESTMINSTER Change on month £m	WILLIAMS & GLYN'S Outstanding £m	WILLIAMS & GLYN'S Change on month £m
LIABILITIES												
Total deposits	57,625	+1,459	15,372	+384	11,148	+272	11,729	+ 49	17,585	+764	1,791	− 9
ASSETS												
Cash and balances with Bank of England	1,188	+139	392	+ 80	186	− 11	274	+ 52	298	+ 12	37	+ 6
Market loans:												
UK banks and discount market	13,173	+410	2,805	− 55	3,345	+ 90	2,093	+ 89	4,625	+286	305	− 60
Other	10,372	+427	3,205	+231	2,777	+116	1,376	−105	2,818	+160	204	+ 26
Bills	1,456	+177	283	+ 18	116	+ 12	455	− 60	548	+176	54	+ 31
Special deposits with Bank of England	675	+ 23	316	+ 4	80	+ 2	152	+ 4	202	+ 11	25	+ 2
British Government stocks	2,157	+ 3	493	+ 48	436	—	430	+ 46	669	− 91	129	—
Advances	29,528	+222	8,440	+ 7	4,394	+ 47	6,969	+100	8,710	+ 84	1,016	− 16

TABLE 3. CREDIT CONTROL INFORMATION
(Parent banks only)

	TOTAL Outstanding	TOTAL Change	BARCLAYS Outstanding	BARCLAYS Change	LLOYDS Outstanding	LLOYDS Change	MIDLAND Outstanding	MIDLAND Change	NATIONAL WESTMINSTER Outstanding	NATIONAL WESTMINSTER Change	WILLIAMS & GLYN'S Outstanding	WILLIAMS & GLYN'S Change
Eligible liabilities	25,260	−179	7,791	+ 30	3,776	− 62	6,053	+ 22	6,740	−103	880	− 66
Reserve assets	3,334	+ 52	1,031	+ 44	506	+ 5	790	+ 1	886	− 2	122	+ 2
Reserve ratio (%)	13.2	+ 0.3	13.2	+ 0.5	13.4	+ 0.4	13.0	—	13.1	+ 0.1	13.9	+ 1.3

HOME NEWS

Doctors' deputy service backed

BY PAUL TAYLOR

A PUBLICITY campaign was launched yesterday with the backing of the British Medical Association to persuade people of the need for, and advantages of, family doctor deputising services.

The campaign, mounted by the association's Deputising Service and the Medical Directors' Association, which are the two main organisations providing substitute health cover on behalf of 10,000 general practitioners in the UK, is primarily aimed at countering recent adverse publicity over the standard of some night deputising services.

By selecting the theme "care for your doctor's health" the two organisations are hoping to emphasise that by using deputising services patients can relieve the stress on over-worked doctors and enable them to provide a more efficient service during regular working hours.

Dr. James Cameron, chairman of the association, accepted that there had been "failures" in the field of deputising services but stressed that a strict code of practice, introduced in April, coupled with new administrative controls ensured that these problems were being overcome.

Between 85 and 90 per cent of all deputising services are controlled either by the BMA Deputising Service or the Medical Directors' Association. These services cover about 25m people in the UK.

£8.75m underground water store planned

BY COLLEEN TOOMEY

A SCHEME to avert a water shortage and to ensure that 6m people in the Midlands and West Country continue to have water on tap in the 1990s is being planned by the Severn-Trent Water Authority.

The £8.75m Shropshire groundwater scheme would mean building vast underground sandstone "sponges" or aquifers to store water in an area covering 310 square miles beneath north Shropshire.

Water would then be pumped from 68 boreholes through pipes into the River Severn and three of its tributaries.

Before the authority gets approval for the scheme, however, it must pass two vetting requirements. The Department of Environment, which is studying the authority's application, and a likely public inquiry next year.

Already several farmers have expressed misgivings about the scheme. They claim that drawing water from the earth's surface will endanger their crops.

If permission is given, the water authority expects to begin work in 1981, and supply water to the Severn two years later.

Industrial

It claims that the advantages of the scheme are considerable. Apart from providing water more cheaply than other reservoir proposals, the scheme could be constructed in phases to meet the extra demand for water as it arose.

The extra water from the scheme would allow an additional 65m gallons to be drawn from the Severn each day for industrial and domestic purposes.

At present, about 120m gallons are daily taken out of the river. Even after recycling, the net loss is about 80m gallons.

Extra water is often needed to maintain levels during the summer, and a sufficient water flow to dilute effluent.

At the moment, the water is provided by the Clywedog Reservoir in mid-Wales. But by the 1980s, it will not be able to meet the demands on the Severn which are rising by more than 1bn gallons a year.

The new Shropshire scheme will enable more water to be taken from all seven major abstraction points on the river from 1983.

Another big advantage of the project is that the 68 pumping sites require less land than a reservoir. Only about 17 acres are needed as most of the works will be below ground level.

It is expected that the scheme will be used on average only once every three years for between three and 20 weeks.

Jobs for 250

CUMBERLAND FIBRES is to take over an empty factory near Durham City under a £3m expansion plan creating 250 new jobs. The company already employs 500 in two textile factories in North-West Durham.

Nuclear power poll proposal rejected

BY LISA WOOD

A MOTION calling for a plebiscite on the proposed 1300 MW advanced gas-cooled reactor nuclear power station at Torness, near Dunbar, East Lothian, was rejected yesterday by the Lothian Regional Council.

Councillor Bill Taylor, secretary of the controlling Labour group of the council, who put forward the motion, said after the meeting that he would raise the future of the station with the Convention of Scottish Local Authorities.

There has been strong local and Scottish protest against the South of Scotland Electricity Board's decision to build the station.

Protesters were defeated at a public inquiry in 1974, and two weeks ago, 38 people were arrested when they tried to prevent contractors starting work on the site.

This week, an independent opinion poll, financed by the Friends of the Earth, and Scram, a Scottish-based anti-nuclear group, showed that 73 per cent of a sample of 600 people wanted the Government to hold a second public inquiry.

Cr. Taylor said: "I am keen to investigate the whole matter of the need for nuclear energy. The set-back concerning the plebiscite is not the end of the war."

Mail rush brings work for 54,000

By James McDonald

TO HELP move Christmas mail the Post Office is employing an extra 54,000 people to support the 122,000 regular mails staff. The Post Office estimates that this will cost £5.5m.

Unemployed people have been given preference for the seasonal jobs but students are next in the queue.

About 4,000 vehicles have been hired to expand the postal transport fleet of 28,000 vans and container lorries over the Christmas period. In addition, more than 300 buildings will be hired for ue as temporary sorting centres.

From now up to Christmas Eve the Post Office expects to collect, sort, and transport 940m greetings cards, letters and gift parcels, and deliver them to 22m addresses.

The last recommended posting dates for Christmas are: December 18 for parcels and second-clas letters: and December 19 for first-class letters.

Post Office counters will be closed throughout the UK on Christmas Day and Boxing Day and will reopen, in general, on December 27.

In England, Wales and Northern Ireland post office counters will close for the New Year holiday on January 1 and in Scotland on January 1 and 2.

Christmas nostalgia on ITV

By Arthur Sandles

VIEWERS with a taste for nostalgia will find little displeasing in the ITV Christmas schedules.

The commercial companies' recipe for festive entertainment, traditionally a time when the big ratings go to the BBC, include such old faithfuls as Benny Hill, the *Muppets, Morecambe and* Wise and a special edition of Christmas Crossroads.

In what the companies describe as their "richest-ever Christmas mixture" of programming, ITV will offer the feature films as Diamonds Are Forever, The Day of the Jackal, Camelot, and Dr Doolittle.

On Christmas Day, the main shows will be a special edition of the Muppets with Danny Kaye as the guest; Leonard Rossiter as a guest in the Morecambe and Wise Show; and a festive edition of This is Your Life.

On Saturday, December 23, Tommy Steele will star in a two-hour version of The Yeomen of the Guard.

Shaping future of tourism

Financial Times Reporter

LONDON'S problems as a tourist destination—fighting for business on the one hand but struggling with the crowds on the other—were the subject of a meeting yesterday of representatives of tourism, hotels, local and national government and traffic carriers.

Mr. John Smith, Secretary of State for Trade, told the conference that Britain needed to look at the service industries, of which tourism was a notable example, as a source of income and work.

"I am aware that there is considerable concern among local authorities most closely involved, about the social costs which increased investment in hotel stock would impose: on land use, noise, parking and road traffic."

Much of the comment about over-crowding was exaggerated and "even in Jubilee Year, London coped well enough.

"But are there already constraints which could limit further growth, however desirable, to the *obvious disadvantage of Britain* as a whole."

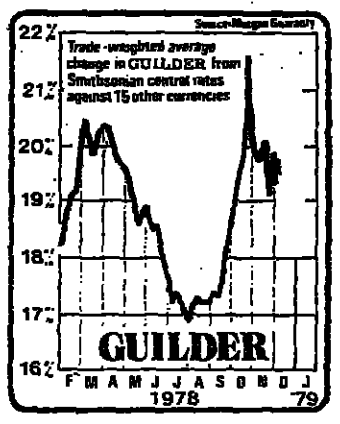
Mr. Melvyn Greene, of consultants Greene Belfield-Smith, told delegates that Britain would not see growth in tourism unless there was an *increase* and upgrading of the nation's bedstock.

Among the problems was the fact that investors regarded hotels as less attractive than other projects because of their single purpose. They saw difficulties in assessing rent reviews

Currency, Money and Gold Markets

Dollar easier, pound firm

The dollar lost ground and sterling improved in fairly quiet trading in the foreign exchange market yesterday. The U.S. currency's trade-weighted depreciation, as calculated by Morgan Guaranty of New York, widened to 8.3 per cent from 8.1 per cent. In terms of the D-mark, the dollar finished at DM 1.9180, compared with DM 1.9155 on Monday, after trading within a range of DM 1.9090-1.9260. Movements were similar against the Swiss franc and Japanese yen were fairly similar, with the dollar closing at SwFr. 1.7125, compared with Sw.Fr. 1.7237½ perviously, and at Y197.30, compared with Y197.65.



Reports from Brussels, particularly from a spokesman of West Germany, that European currency parities were justified, helped the dollar and depressed the D-mark.

Sterling also strengthened, rising 65 points to close at $1.9510-1.9520. It opened at $1.9435-1.9445, and fell to a low point of $1.9375-1.9385 in the morning. The pound touched a high level of $1.9520-1.9530, before easing slightly at the finish. Sterling's trade-weighted index, as calculated by the Bank of England, rose to 62.7 from 62.5, after standing at 62.6 at noon and in the morning.

FRANKFURT—The German Bundesbank did not intervene when *the dollar was fixed* at DM 1.9248, compared with DM 1.9185 previously. The *fixing* level was well above its opening *level of DM 1.9105. The rise of* the U.S. currency in fairly active early trading *followed a report* from the Bundesbank that present parities were justified, and that a revaluation of the D-mark before the start of the European Monetary System would not be required. In later trading the dollar lost ground, but this was due to increased demand for the D-mark against other major currencies.

PARIS—The dollar lost ground against the French franc in nervous trading, as dealers awaited the outcome of the European Council Meeting in Brussels. The U.S. currency eased to FFr 4.4095 from the high point of FFr 4.4300 in the morning, and from Monday's close of FFr 4.4275. Reports that the D-mark will not be revalued against major European currencies on the introduction of the EMS led to a rise by the French unit. The D-mark fell to FFr 2.2975 from FFr 2.3170 at the start, and Monday's closing level of FFr 2.3100. Sterling closed at FFr 8.6010 compared with FFr 8.5890 late Monday.

MILAN—The lira improved against the stronger European currencies at yesterday's fixing. The D-mark declined to L443.38 from L445.10 on Monday, and the Swiss franc to L495.40 from L497.40. The decline of the Italian currency against the D-mark, Swiss franc and Dutch guilder followed speculation that the European Monetary System will start before the new year. The *dollar was slightly firmer, rising* to L852.80 from L852.55. The *Bank of Italy sold most of the $18.9m* traded at the fixing.

NEW YORK — The dollar declined slightly against other major currencies in very quiet early trading. Most market speculation centred around the D-mark, and the possibility of a start for *the EMS before January 1,* but demand for the German currency *tended to ease on the statement from the* Bundesbank.

AMSTERDAM—In late *trading* the dollar eased to Fl 2.0815 *against the guilder from Fl 2.0870* at the fixing. The previous fixing *level was Fl 2.0945.*

TOKYO—The dollar lost ground *against the Japanese yen, closing* at Y196.80, compared with Y198.65 *on Monday. Pressure from overseas* and at home was reported, with the Bank of Japan *intervening* to support the U.S. currency. *After opening* at Y197.70, the dollar improved to Y198.40 in the morning, *but suffered from selling* pressure after lunch. The lowest *level touched* was Y196.20, with the market showing signs of *caution after* the dollar's recent rise. The scale of intervention by the *authorities was not clear.*

THE POUND SPOT

Dec. 6	Bank rate %	Day's spread	Close
U.S. $	9½	1.9375-1.9530	1.9510-1.9520
Canadian $	10¾	2.2740-2.2885	2.2850-2.2860
Guilder	6½	4.04-4.07	4.05-4.06
Belgian F	6	58.05-58.60	59.10-58.20
Danish K	8	10.43-10.51	10.45-10.46
D-Mark	5	3.70½-3.75½	3.74-3.75
Port. Esc.	18	90.60-91.80	91.30-91.70
Span. Pes.	8	136.80-139.80	139.50-139.60
Lira	10½	1,652-1,666	1,665-1,664
Nrwgn. K.	7	10.02-10.06	10.04½-10.05½
French Fr.	9½	8.57½-8.62½	8.59½-8.60½
Swedish Kr.	6½	8.62-8.67½	8.66½-8.67½
Yen	3½	380-390	385-387
Austria Sch.	4½	27.15-27.60	27.42-27.47
Swiss Fr.	1	3.31½-3.35½	3.33½-3.34½

Belgian rate is for convertible francs. Financial franc 60.70-60.80.

FORWARD AGAINST £

One month	% p.a.	Three months	% p.a.
0.45-0.35 c.pm	2.46	1.20-1.10 c.pm	2.56
0.80-0.70 c.pm	3.94	2.00-1.90 c.pm	3.41
1½-½ c.pm	2.96	4⅝-3⅝ c.pm	4.07
25-15 c.pm	4.06	80-50 c.pm	3.72
1-3 ore dis	-2.30	2½-4½ ore dis	-1.43
5½-2½ pf pm	10.01	8½-6½ pf pm	9.75
60-105 c.dis	-10.82	140-310 c.dis	-9.84
60-160 c.dis	-9.89	200-500 c.dis	-5.89
2-5 lire dis	-2.52	6-9 lire dis	-1.80
5½-1½ ore pm	2.69	6-4 ore pm	1.98
5½-2½ c.pm	4.19	3½-3¼ c.pm	4.07
4½-2½ ore pm	4.50	11½-9½ ore pm	4.85
4.30-4.25 y.pm	13.60	11.85-11.70 y pm	12.28
22-12 gro pm	7.43	52-42 gro pm	6.85
4½-5½ c.pm	13.47	11½-10½ c.pm	13.02

Six-month forward dollar 2.20-2.10c pm. 12-month 4.10-4.00c pm.

THE DOLLAR SPOT

December 5	Day's spread	Close
Canad'n $*	85.28-85.33	85.30-85.33
Guilder	2.0765-2.0897	2.0765-2.0785
Belgian Fr	30.31-30.551	30.31-30.33
Danish Kr	5.3575-5.4075	5.3575-5.3600
D-Mark	1.9115-1.9260	1.9175-1.9185
Port. Esc	46.85-47.85	46.90-47.85
Span. Pta	71.58-71.73	71.68-71.73
Lira	851.60-853.50	852.70-853.00
Nrwgn. Kr	5.1470-5.1795	5.1480-5.1490
French Fr	4.4050-4.4328	4.4050-4.4100
Swedish Kr	4.4400-4.4520	4.4400-4.4410
Yen	196.20-198.50	197.40-197.60
Austria Sch	14.0050-14.0925	14.04-14.05
Swiss Fr	1.7055-1.7235	1.7055-1.7075

* U.S. cents per Canadian $.

FORWARD AGAINST $

One month	% p.a.	Three months	% p.a.
0.08-0.10c pm	1.12	0.20-0.23c pm	1.05
0.20-0.12c pm	0.67	0.35-0.25c pm	1.36
4-2c pm	0.75	12-10c pm	1.19
1.75-2.25ore dis	-5.21	4.75-5.25ore dis	-4.26
1.24-1.19pf pm	6.91	3.67-3.62pf pm	7.48
47-57c dis	-13.28	110-180c dis	-12.35
43-65c dis	-8.48	188-285c dis	-18.75
2.90-3.40lire dis	-4.69	7.75-8.75lire dis	-4.27
0.50ore pm-par	0.58	0.25-0.65ore dis	-0.35
0.60-0.10c pm	0.13	1.80-1.30c pm	0.65
1.20-1.00ore pm	2.91	3.30-3.10ore pm	2.95
1.80-1.70y pm	10.43	5.80-4.90y pm	9.90
5.50-4.50gro pm	4.02	17-14.50gro pm	4.50
1.64-1.59c pm	10.55	4.69-4.64c pm	10.90

CURRENCY RATES

December 4	Special Drawing Rights	European Unit of Account
Sterling	0.654883	0.674482
U.S. dollar	1.26674	1.30634
Canadian dollar	1.48576	1.52362
Austrian schilling	17.2882	18.3887
Belgian franc	38.8192	40.0329
Danish krone	6.82773	7.03017
Deutsche Mark	2.43024	2.50258
Guilder	2.65329	2.73365
French franc	5.62876	5.80022
Lira	1079.98	1113.13
Yen	257.275	259.129
Norwegian krone	6.55538	6.74636
Peseta	90.7298	93.3059
Swedish krona	5.62344	5.80187
Swiss franc	2.17879	2.23629

CURRENCY MOVEMENTS

December 5	Bank of England Index	Morgan Guaranty changes %
Sterling	62.74	-40.9
U.S. dollar	84.96	- 8.3
Canadian dollar	80.55	-16.9
Austrian schilling	144.11	+18.7
Belgian franc	113.52	+14.6
Danish krone	116.21	+ 5.7
Deutsche Mark	147.69	+40.8
Swiss franc	193.08	+82.7
Guilder	123.39	+19.5
French franc	98.02	- 6.6
Lira	54.35	-48.7
Yen	147.65	+45.9

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Dec. 6	£	$		£ New Rates
Argentina Peso	1,856-1,857	950.55-951.56	Austria	27-28
Australia Dollar	1.7165-1.7216	0.8805-0.8817	Belgium	60-61½
Finland Markka	7.9150-7.9250	4.0540-4.0560	Denmark	10.35-10.55
Brazil Cruzeiro	38.50-39.50	19.73-20.24	France	8.55-8.70
Greek Drachma	70.866-72.602	36.31-37.20	Germany	3.70-3.80
Hong Kong Dollar	9.3600-9.3750	4.8020-4.8070	Italy	1630-1700
Iran Rial	142.3-146.53	73.5-75.5	Japan	380-390
Kuwait Dinar (KD)	0.529-0.539	0.2711-0.2762	Netherlands	4.00-4.10
Luxembourg Franc	59.10-59.20	30.29-30.32	Norway	9.9-10.10
Malaysia Dollar	4.2895-4.3020	2.1960-2.1970	Portugal	90-100
New Zealand Dollar	1.8590-1.8660	0.9533-0.9118	Spain	139½-148¼
Saudi Arabia Riyal	6.49-6.59	3.33-3.38	Switzerland	3.30-3.40
Singapore Dollar	4.2745-4.2870	2.1860-2.1870	United States	1.9400-1.9600
South African Rand	1.6762-1.7021	0.8589-0.8722	Yugoslavia	41.45

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Dec 4	Pound Sterling	U.S. Dollar	Deutschemark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.952	3.746	386.0	8.600	3.340	4.055	1664	2.286	59.15
U.S. Dollar	0.512	1.	1.919	197.8	4.407	1.712	2.078	852.4	1.171	30.31
Deutsche mark	0.267	0.521	1.	103.1	2.296	0.892	1.083	444.2	0.610	15.79
Japanese Yen 1,000	2.591	5.056	9.702	1000.	22.28	8.653	10.51	4310	5.921	153.2
French Franc 10	1.163	2.269	1.355	448.8	10.	3.884	4.715	1934	2.658	68.78
Swiss Franc	0.299	0.584	1.121	115.6	2.575	1.	1.214	498.1	0.684	17.71
Dutch Guilder	0.247	0.481	0.924	95.19	2.121	0.824	1.	410.2	0.564	14.59
Italian Lira 1,000	0.601	1.173	2.251	232.0	5.170	2.008	2.438	1000.	1.374	35.56
Canadian Dollar	0.438	0.854	1.639	168.9	3.763	1.461	1.774	727.8	1.	25.88
Belgian Franc 100	1.691	3.299	6.331	652.6	14.54	5.647	6.855	2812	3.864	100.

EURO-CURRENCY INTEREST RATES

Dec. 5	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	12-12¼	9⅝-9⅞	8½-9½	9½-10	[illegible]	3⅛-3⅜	10-10½	10-14	—	1⅛-3⅛
7 days' notice	12¼-12½	9¾-10	8¾-9½	9½-10	[illegible]	3⅛-3⅜	10-11	11-13	9½-9⅝	-2⅛- -⅛
Month	13½-13⅞	10¾-11	9⅜-9¾	10⅛-10⅜	[illegible]	3⅞-4	9½-10	14-15	10¾-10⅞	⅛-½
Three months	14⅛-14½	11⅜-11⅝	10⅛-10⅝	10⅛-10⅜	⅜-½	3⅞-4	9¾-10¼	15-16	11⅛-11⅜	1⅛-1⅜
Six months	14¼-14⅝	11¾-12	10⅛-10⅝	9¾-10	⅝-¾	4-4⅛	9¾-10¼	16-17	11⅛-11⅜	2⅛-2⅜
One year	13⅞-14¼	11½-11¾	10¼-10⅝	8¾-9	1⅛-1⅛	4⅛-4⅛	10-10⅛	16¼-17½	11⅛-11⅝	2⅛-2⅜

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.75-10.85 per cent; three months 11.25-11.35 per cent; six months 11.65-11.75 per cent; one year 11.35-11.45 per cent.

Long-term Eurodollar deposits: Two years 10⅝-10⅞ per cent; three years 10⅛-10⅜ per cent; four years 10 5/16-10 9/16 per cent; five years 10⅛-10⅜ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

New York rates steady

U.S. interest rates showed no clear trend yesterday with 13-week Treasury bills at 8.93 per cent compared with an average 8.984 per cent at Monday's auction, while 26-week bills rose to 9.23 per cent from 9.22 per cent at the auction. One year bills were also slightly firmer at 9.31 per cent against 9.30 per cent Federal funds were changed at 9⅞ per cent with last trading at 9 13/16 per cent. Later in the day the Federal *Reserve entered the market to* drain reserves by making two-day *matched sales, with Fed funds* trading at 9⅞ per cent.

BRUSSELS — Deposit rates for the Belgian franc (commercial) *continued to firm yesterday,* reflecting uncertainty ahead of the *proposed European Monetary* System. One-month money rose to *9¾-10 per cent from 9½-9¾ per cent* while the three-month rate was quoted at 9¾-9⅞ per cent against 9½-9¾ per cent. Six-month money firmed to 9-9¼ per cent from 8¾-9¼ per cent with 12-month money *rising to 8¾-9¼ per cent from 8¾-9* per cent. Call money however was easier at *4.90 per cent from* 5.10 per cent previously. At yesterday's auction the rate on *Belgian* four month bond papers was left *unchanged at 8.75 per cent.*

FRANKFURT—Interbank money rates showed very little change with call money quoted at 3.5-3.55 per cent from 3.45-3.55 per cent and the one-month rate unchanged at 3.9-4.1 per cent. Three-month money stayed at 3.8-4.0 per cent as did six-month money at 3.95-4.05 per cent. The 12-month rate was quoted at 4.2-4.3 per cent, unchanged from *Monday.*

In the last week of November the net central reserves of the Bundesbank fell by DM600m to DM101.3bn.

AMSTERDAM — Interest rates were generally firmer in line with other weaker members of the European snake. Despite official denials, there are *still* fears that the D-mark may *undergo some form of revaluation* ahead of EMS. Call money rose to *9¾-10 per cent from 9½-10½ per* cent on Monday and the one-month rate firmed *to 10¼-10¾ per* cent against 10¼-10½ per cent.

PARIS—Day to day money was slightly firmer yesterday at 6⅝ per cent compared with 6½ per cent on Monday. Longer-term rates showed little change through to 12-month money at 7¾-7⅞ per cent.

MILAN—Rates showed very little movement throughout, with call money at 10¼-10¾ per cent, unchanged from Monday.

HONG KONG—Day to day *money appeared to be in short* supply during the morning, *although conditions eased some*what during the afternoon. Call money was quoted at 10⅞ per cent and overnight business at 8¼ per cent.

UK MONEY MARKET

Very large assistance

Bank of England Minimum Lending Rate 12½ per cent (since November 9, 1978)

Day to day credit was in short supply in the London money market yesterday, and the authorities gave assistance by buying a very large amount of Treasury bills, all direct *from the discount* houses. This was considered to *have been enough, although* discount houses were paying around 12 per cent *for secured* call loans towards the close, little changed from the 11½-11¾ per cent rate quoted earlier in the day.

Factors affecting the market were all on one side, with banks bringing forward balances some way below target together with a moderate increase in the note circulation. There was also a modest net take-up of Treasury *bills to finance.*

In the interbank market longer-*term rates showed very little* change. Overnight money opened *at 11¾-11⅞ per cent and rose to* 12⅛-12½ per cent before easing back to 11¾-11½ per cent. Rates then tended to see-saw from 12-12⅛ per cent down to 11⅞-11⅞ per cent and then back to 12⅛-12⅛ per cent by mid-afternoon, before closing at 11¾-12 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Dec. 5 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ◆	Eligible Bank Bills ◆	Fine Trade Bills ◆
Overnight	—	11⅛-12½	—	—	—	12½	11½-12¼	—	—	—
2 days notice	—	—	11⅞-12⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	12½	—	—	—	—
7 days notice	—	12-12¼	12-12⅛	—	—	—	—	—	—	—
One month	12⅛-12⅛	12⅛-12⅛	12-12⅛	—	12¼	—	11⅞-12	—	—	—
Two months	12⅛-12⅛	12⅛-12¼	—	12⅛-12⅛	12¼	12⅜	12	11⅝-11½	12⅛-12⅛	12¼
Three months	12⅛-12	12⅛-12¼	12⅛-12¼	12-12⅛	12⅜	12½	11⅞	11½-11⅝	12⅛	12⅝
Six months	11⅞-11⅞	12-12⅛	11¾-12	11⅞-12¼	12⅜	—	11¾	11⅞	11⅞-12	12½
Nine months	11⅞-11⅞	11¾-11⅞	—	11⅝-12	12¼	—	—	—	11⅝-11⅞	13
One year	11⅞-11⅞	11⅞-11⅞	11½-11¾	11⅝-12	12¼	—	—	—	—	—
Two years	—	—	12-12¼	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Longer-term local authority mortgage rates nominally three years 12⅛-12⅜ per cent; four years 12⅛-12⅜ per cent; five years 12⅛-12⅜ per cent. ◆Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 11⅞-11⅞ per cent; four-month trade bills 12⅝ per cent. Approximate selling rates for one-month Treasury bills 11⅞-11⅞ per cent; and two-month 11⅞-11⅞ per cent; three-month 11⅞-11⅞ per cent. Approximate selling rate for one-month bank bills 11⅞-12 per cent; two-month 11⅞-12 per cent; and three-month 11⅞-11⅞ per cent; one-month trade bills 12 per cent; two-month 12¼ per cent; and also three-month 12¼ per cent. Finance House Base Rates (published by the Finance Houses Association) 12½ per cent from December 1, 1978. Clearing Bank Deposit Rates for small sums at seven days' notice 10 per cent. Clearing Bank Base Rates for lending 12½ per cent. Treasury Bills: Average tender rates of discount 11.5490 per cent.

GOLD

Weaker trend

Gold fell $1⅝ to close at $197⅝-198 in quiet trading yesterday. The metal *opened* at $196¾-197½, and was fixed at $196.65 in the morning and $196.40 in the afternoon. It touched a low point of $196-196¾.

In Paris the 12½ kilo gold bar was fixed at FFr 28,250 per kilo in the afternoon ($198.63 per *ounce), compared with FFr 28,450* ($200.08) in the morning, and FFr 28,600 ($200.19) in the afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 12,200 per kilo ($197.31 per ounce), compared with DM 12,245 ($198.22) on Monday.

	Dec. 5	Dec. 4
Gold Bullion (a fine ounce)		
Close	$197⅝-198	$199-199½
Opening	$196¾-197½	$197½-198
Morning fixing	$196.65 (£101.209)	$197.70 (£102.250)
Afternoon fixing	$196.40 (£100.550)	$199.25 (£102.885)
Gold Coins domestically		
Krugerrand	$208¼-211½ (107¼-108¼)	$210-212 (£108-109)
New Sovereigns	$58-61 (£30¼-31¼)	$59¼-60¼ (£30¼-31¼)
Old Sovereigns	$60-62 (£30¾-31¾)	$59-61 (£30¼-31¼)
Gold Coins Internationally		
Krugerrand	$202½-204¼ (£103½-104¾)	$205-207 (£105½-106¾)
New Sovereigns	$52½-54½ (£27-28)	$53-55 (£27½-28½)
Old Sovereigns	$60-62 (£30¾-31¾)	$59-61 (£30¼-31¼)
$20 Eagles	$280-285	$278-284
$10 Eagles	$154-159	$152-157
$5 Eagles	$100-105	$97-102

MONEY RATES

NEW YORK

Prime Rate	11.5
Fed Funds	9.75
Treasury Bills (13-week)	8.93
Treasury Bills (26-week)	9.23

GERMANY

Discount Rate	3
Overnight	3.525
One month	4.00
Three months	3.90
Six months	4.00

FRANCE

Discount Rate	9.5
Overnight	6.625
One month	6.8125
Three months	6.3125
Six months	7.0625

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.625
Bills Discount Rate	4.625

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Where microprocessing creates and does not destroy jobs

BY RHYS DAVID, NORTHERN CORRESPONDENT

BEFORE national despondency sets in over the likely impact on jobs which microprocessing and other latest developments in electronics are going to have, there might be a case for having a look at what has been happening in the North Staffordshire town of Kidsgrove.

Set midway between the competing influences of Manchester and the Midlands, Kidsgrove was until recently GEC's centre for the manufacture of audio *equipment — record players*, music centres and the like. It is a market, however, in which British manufacturers are faced with strong competition from overseas, and from the Far East in particular, and employment at the factory had dropped from around 600 at its peak to only 250 at the beginning of this year.

For GEC there was a similar problem, too, in television set manufacture where its Hirwaun factory in mid-Glamorgan —originally set up to supply the European market but now facing competition in an overcrowded British market from imported Japanese and British-made Japanese sets—was also working below capacity. GEC made the obvious decision to concentrate production in one factory, and with Hirwaun in an area enjoying full government development area incentives—Hirwaun was chosen.

The GEC plant at Kidsgrove, however, will not be suffering the slow death which has come to many other branch factories throughout the UK, with a succession of new owners taking over, each employing fewer people than its predecessor, and with the quality of the jobs in terms of skill, as well as the quantity, often declining, too.

Salvation has come for Kidsgrove in the shape of a takeover by one of the fastest-growing GEC subsidiaries, Marconi Space and Defence Systems (MSDS), which will be employing more people than the previous group occupant, and on more highly-skilled work. Furthermore, behind much of the new work now being transferred to the plant will be microprocessing, more usually seen as a potential destroyer of jobs in British industry.

The growth of MSDS has been one of the success stories within GEC, with sales growing from £9m 11 years ago to £160m last year and an estimated £240m in the current financial year. An amalgamation of the various defence electronics companies which GEC inherited after its acquisition of AEI and English Electric in the 1960s, the company has for some time been bursting at the seams with work and in need of extra factory space. In the areas where it is currently located—Stanmore and Frimley in the South East, Portsmouth on the South coast, and Hillend near Edinburgh—it has also very largely exhausted the potential supply of employees with the required level of skills.

Defence sales

This rate of expansion has come about as a result of the continuing world-wide boom in defence sales, and follows special efforts made over the past few years by MSDS to reduce its dependence on a home market vulnerable to public expenditure cuts. Three years ago about 95 per cent of the company's turnover was in the UK—mostly sales to the *Ministry of Defence*. Currently it derives almost half its earnings from overseas, and has pushed its way into the list of Britain's top 100 exporters.

Its successes have included breaking into the U.S. market where the huge domestic industry usually jealously guards all defence orders. The company, which already makes the Clansman radio used by the British Army has won a contract to develop a new generation radio system for the U.S. *Army. The contract, won jointly* with Cincinatti Electronics, a U.S. group in which GEC has a stake, is for an advanced radio to be used in vehicles, aircraft, and manpacks. Some 250,000 are expected ultimately to be required.

MSDS also supplies many of the highly sohisticated weapons used by the British and friendly foreign armies, and which now incorporate advanced computer-controlled guidance systems. Its products *include Sting Ray, the Royal* Navy's advanced lightweight torpedo which uses an on-board computer to engage targets, and the Blindfire radar system which can guide missiles to their targets day and night in any weather. The new Skyflash air-to-air missile carries an MSDS radar homing head, as also does the Sea Skua, the Royal Navy's helicopter-launched anti-ship missile. MSDS makes, too, the computer equipment now used by artillery for calculating winds, temperatures and all the other variables which determine whether shells reach their targets, as well as the computers now used in tanks to ensure that guns remain accurate even over rough country at speed.

The other arm of MSDS is space communications where it was prime contractor for Skynet II, the military communications satellite, and still the only operational communications satellite built so far in Europe. MSDS has also provided the *British participation in a* variety of other international space programmes.

The Kidsgrove plant will be fitted by stages into the complicated work which MSDS carries out, as retraining of the labour force to the very high standards demanded in the defence field takes place. At present to cope with the Christmas rush Kidsgrove is still turning out GEC music centres, but alongside this line employees have already begun work on Clansman radio components.

Initially Kidsgrove will be used for overload work of this sort, but eventually like all other plants in MSDS it will be expected to develop a *product bearing its own handwriting*, with company thinking at present favouring products in the now rapidly-developing professional electronics field. By this is meant the wide variety of equipment now being made for commercial organisations, often as a direct spin-off from the military field.

Traffic control

Banks, insurance companies, security firms and the police, for example, are likely to find an increasing need for secure speech channels, and will therefore be customers for equipment originally developed for the armed services. The cashless society, dependent on credit cards, is also creating a demand for increasingly sophisticated electronic checking systems. In *much the same way as armies* in the field have begun to require real-time computing capacity so that large numbers of calculations can be done instantly, banks also need this facility so that accounts can be checked while transactions are made. Traffic control is another area where MSDS believes its experience in the defence and space field will enable it to come up with systems suitable for increasingly complex urban requirements.

It is likely to take several years for the Kidsgrove plant to develop its own special products in the professional electronics field, and for GEC as for the rest of British industry one of the main problems will continue to be the shortage of engineers. When its search for a site started MSDS was inclined towards Manchester itself because of the concentration within the area of electronics and engineering. The choice eventually fell on Kidsgrove because the group saw it as a chance to provide *continued employment* for GEC employees about to lose their jobs, but MSDS is still confident that some of the benefits that would have been obtained farther north can still be gained. The GEC site in Kidsgrove is adjacent to factories occupied by GEC Elliott Automation and ICL, the computer manufacturers, so there are already the makings of an electronics park within the town.

A major recruitment drive is now under way and it is hoped *about 150 engineers can be recruited* within the next year. Eventually employment is expected to rise to about 2,500, of whom 500 will be skilled engineers and 2,000 production workers. *Plans are already in* band to develop a new 100,000 sq ft factory on a site adjoining the existing site at Kidsgrove, and over the course of the next three years total investment of £5m on new plant is expected.

The Kidsgrove development would seem to highlight two *lessons for industry. Some products* by their very nature, such as audio equipment and television sets, are likely to become more difficult to manufacture competitively in Britain because the technology is now available to lower cost producers in the Far East. There is therefore a need to be moving continually into newer areas—such as in this case the field of professional electronics—where Britain's brainpower can be put to better use.

At Kidsgrove GEC is also demonstrating that—providing constraints such as the shortage of skilled labour are overcome —a move of this sort need not necessarily mean fewer jobs. The impact of microprocessing is certain to be felt in many process industries where large numbers of routine jobs are likely to be replaced by electronic equipment. The electronic revolution is also going to create work, however, for the countries and the companies which develop the potential markets.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

Exchange losses hit Deere earnings

MOLINE, Dec. 5.

A DOWNTURN in earnings in the fourth quarter at Deere and Company, one of the world's largest manufacturers of farming equipment, seems to have upset recent analysts prediction for the 1978 outcome.

Earnings for the final quarter slipped by 3 per cent to $44.9m, with share earnings down from 76 cents to 74 cents. Sales showed a gain of 14 per cent at $1.12bn.

For the full year, net earnings are 3.5 per cent up at $264.8m, or $4.38 a share against $4.24, on sales 15 per cent higher at $4.15bn. At the third quarter stage, some analysts upgraded their forecast for Deere to predict share earnings of $4.57.

Deere said the principal impact on fourth quarter earnings was from foreign exchange losses.

In fiscal 1978, foreign exchange losses were $53.9m, against $13.6m in 1977.

Such losses were especially severe during the fourth quarter, totalling $30.3m against $5.7m in the like period.

The chairman, Mr. William A. Hewitt, said the company could recover a significant portion of the 1978 foreign exchange loss if the U.S. dollar retains the same strengthened value relative to other currencies that prevailed in early December.

He explained that the 1978 foreign exchange loss relates primarily to the translation of foreign currency financial statements in U.S. dollars. Unlike currency exchange losses, Deere's translation losses "are mostly unrealised and can be recovered in future periods if the dollar is stronger that in was on October

Deere said that 1978 farm equipment sales rose 12 per cent to $3.29bn, breaking the $3bn level for the first time. Industrial equipment sales rose 28 per cent to $858m.

Sales in the U.S. and Canada were up 14 per cent to $3.21bn while overseas sales rose 21 per cent to $942m.

Overall, dealer inventories are very low in relation to sales, particularly for large farm tractors, combine harvesters and certain industrial machines. Production schedules are about 10 per cent above 1978 levels.

Dealer receivables were $1.26bn at October 31, up from $1.25bn last year.

Deere expects another good year in 1979 and added that capital expenditures in fiscal 1978 totalled $218m.

Agencies

Bache issue

The directors of the Bache Group today authorised the issue of up to 700,000 new shares of common stock to continue the securities firm's diversification into insurance brokerage, writes John Wyles from New York. Bache, whose principal subsidiary is Bache Halsey Stuart Shields, is Wall Street's fourth largest securities house with a total capitalisation of $141.9m. In common with its rivals, it is seeking to cushion its earnings against the vagaries of market cycles by diversifying into areas with related skills.

Merrill Lynch, the No. 1 U.S. securities firm, is investing increasingly large amounts in real estate services, and the property area in general is attracting the interest of other firms. Last year, Bache acquired the San Francisco insurance broker Alfred M. Bender, which it believes has the potential to become a national insurance brokerage business.

Heinz quarterly earnings show rapid improvement

BY JOHN WYLES

NEW YORK, Dec. 5.

H. J. HEINZ has enhanced its reputation for good quality growth in the quarter ending November 1 by returning a 19.4 per cent increase in net income.

This is a faster rate of growth than either the company or security analysts had generally expected and Mr. R. Burt Gookin, vice-chairman and chief executive, largely attributed the income surge to significant increases in sales volume.

Sales for the quarter rose by 19.2 per cent to $620.2m from $520.1m a year ago. Net income rose from $23.6m to $28.2m. Half-year sales were $1.18bn compared with $1.01bn and net earnings $49.3m compared with $43.2m.

Mr. Gookin warned that it was unlikely that the company's rate of growth would be maintained in the second half of its fiscal year, but he predicted that full year operations would result in the sixteenth consecutive year "of satisfactory sales and earnings gains."

Analysts claim that canned tuna fish and cat food are the stars of the Heinz product range this year and the principal contributors to higher earnings. The company's British subsidiary is said to be a major disappointment. Price wars and a sluggish market have left the company's unit sales running 4 per cent behind year-ago levels and profit margins are being squeezed.

LTV—Lykes meet today

BY STEWART FLEMING

NEW YORK, Dec. 5.

glomerate LTV Corporation and Lykes Corporation meet today to vote on one of the year's most controversial mergers, a deal which will create the third largest U.S. steel producer and the 23rd largest industrial company.

The merger has been born of weakness, not strength, for both companies are over-burdened with debt and saddled with operations which are only marginally profitable.

Indeed, it is only the weakness of the two businesses, particularly Lykes, which has made the merger profitable. The U.S. Justice Department earlier in the year gave the transaction clearance under its "failing company doctrine," accepting the Lykes argument that in the absence of a merger, it might not survive its current difficulties.

That decision was challenged only last month by Senator Edward Kennedy, chairman of the Senate Anti-Trust Subcommittee, who argued that the merger could have an adverse impact in the enforcement of U.S. anti-trust laws.

Lykes' main problems have been in its steel operations, particularly its Youngstown sheet and tube division, whose financial difficulties in 1977 became a focus of anxiety about the impact of steel imports on the U.S. domestic steel industry.

Although industry and union officials argued that Youngstown's losses were largely attributable to competition from dumped imports, at least as convincing a case was made that they stemmed from the failure of management to modernise equipment, much of which was built before the First World War.

The dispute became academic however when, in the wake of closures of part of the operation, Lykes disclosed after tax losses of $190m for 1977 on sales revenues of $1.7bn. So far this year, the company has recorded losses of almost $82m at its Youngstown division. Lykes is expected to report another heavy loss for the year, analysts say.

LTV's position is a little better, and in the first nine months of this year its Jones and Laughlin steel subsidiary has earned profits of $16.9m. Last year it suffered a small pre-tax loss on its $2.2bn of sales.

LTV, however, is a much more widely diversified company—in the U.S. it is still widely remembered as the conglomerate Ling Temco Vought, created by Mr. James Ling in the 1960's. But several of its operations, including its Wilson Foods subsidiary which is the third largest U.S. meat packer, have incurred losses in recent years. Last year the company incurred a net loss of $38.7m on sales of $4.7bn even though its aerospace operations reported a profit.

Against this background, it is widely recognised that, assuming shareholders approve the merger today, the companies are facing a continuing struggle if they are to deveop consistently profitable operations. In the short term, much could depend on the outlook in the steel industry. If conditions deteriorate again next year after the generally more profitable environment of 1978, what will then be the industry's third largest company is facing a daunting future.

Pan Am woos New York City

BY OUR OWN CORRESPONDENT

NEW YORK Dec.

PAN AMERICAN World Airways today dangled the carrot of more jobs for New York City in a bid to win the support of Mayor Edward Koch for Pan Am's proposed merger with National Airlines.

Mr. William Seawell, Pan Am's chairman and chief executive, met the Mayor this morning to reaffirm the airline's commitment to maintaining its corporate headquarters in New York. As evidence of this commitment, he revealed for the first time that Pan Am was paying $25m to acquire the land upon which the Pan Am building is located on Park Avenue. Previous owner of the land was Penn Central and the skyscraper, a New York landmark, houses the offices of 225 corporations.

Pan Am will be hoping that today's declaration will be seen as important and significant in the wake of the recent controversial decision by American Airlines to move its corporate headquarters to Dallas, Texas. Mayor Koch's support for the proposed merger with National could be of equal symbolic importance to the case for a merger with National, which Pan Am is currently outlining before an administrative law judge of the Civil Aeronautics Board. Hearings have been under way for some weeks and the Board is expected to make a decision by next March

Mr. Seawell told the Mayor that the merger would create 600 new jobs in New York, worth an annual payroll increase of $16m. Pan Am currently employs around 12,000 people in New York York whose annual payroll totals nearly $300m. A large number of the new jobs would flow from the transfer of National's engine overhaul work from Dallas and Kansas City.

Pan Am is arguing to the CAB that it needs a domestic U.S. route system in order to bolster its overseas activities which provide the bulk of its revenues but which are under pressure from competition by government-subsidised airlines.

According to Mr. Seawell, the merger would produce another 677,000 passengers in and out of New York airports by 1980.

Surge in profits forecast by Peoples Drug Stores

ALEXANDRIA, Dec. 5.

PEOPLE'S DRUG STORES expects to report that net income surged by 20 per cent during the fiscal year ended September 30 to about $5.4m, or $1.50 a share, from last year's $4.5m, or $1.25, the president and chief executive, Mr. Sheldon W. Fantle, said.

Sales for the year rose to $404m from $366m.

He called the results "a total turnaround" of the company's flagging earnings prospects from two and a-half years ago, when the retail drug chain, then centred in the Washington DC area, merged with Lane Drug Corporation, a smaller but more aggressive chain operating in Ohio and Georgia.

The company's effort since then to consolidate operations, re-model stores, re-shuffle the merchandising mix, and tighten central management controls is "finally beginning to show fruit," Mr. Fantle said.

He said that new expansion consolidation and other programmes should put fiscal 1979 earnings "within the framework" of this year's 20 per cent growth. While he declined to be more specific his projection indicates 1979 earnings near $6.5m or $1.80 a share—above the $1.70 to $1.75 range projected by analysts.

The October 31 decision to increase the quarterly dividend to 6 cents from 5 cents a share "hopefully will be the first rise of many," he said.

Mr. Fantle's optimism about 1979 was tempered by his fear that a "severe recession" next year might affect earnings. To forestall this he said Peoples is developing two budgets—one to expand in a healthy economy and the other to proceed more cautiously in a recession. He was confident however that Peoples is in a "recession-proof industry. We're a necessity business. Toothpaste you use every day no matter what. We would be the last to feel a recession," he said.

AP-DJ

Airline petition

Mackey International Airlines of Fort Lauderdale has filed a petition in Federal Court in Miami for reorganisation under Chapter 11 of the Federal Bankruptcy Act, reports Reuter from Miami. Mackey flies between principal south Florida cities and the Bahama islands and Haiti. Mackey said in its court petition that it is asking for reorganisation because of an inability to pay debts as they mature. It will file a plan of reorganisation later. The petition said that, as of September 30, the company had assets of $3,735,617 and liabilities of $2,800,366. Total debts listed on the petition added up to a little more than $1.5m.

Carrier acceptances

United Technologies Corporation has increased its estimate of the amount of Carrier Corporation stock received under its tender offer to the equivalent of 19m shares of Carrier common, from in excess of 17m or 49 per cent of those outstanding, reports Reuter from Hartford.

United tendered for 17m shares of Carrier common on November 13 and said at that time it would also accept tenders of shares of Carrier's $1.86 convertible preferred, considering each share of the preferred tendeed as the equivalent of 1.815 shares of Common.

NLT makes $284m bid for Great Southern

By Our Own Correspondent

NEW YORK, Dec.

NLT CORPORATION a medium-sized insurance holding company, has agreed to acquire Great Southern Corporation, a Texas-based savings and loan and life insurance company, for $284m. NLT had previously announced that it was talking with Great Southern but at that point it is understood that the latter considered that a $50 a share offer was too low.

Now NLT has increased its bid to $58 a share for each of Great Southern's 4.9m shares, which has won the agreement of the Texas company's Board. The company earned a net income of $17m in its last financial year.

NLT, which conducts accident and life insurance business, had a total income in 1977 of $605m and a net profit of $111m.

Resorts react to licence objection

By David Lascelles

NEW YORK, Dec. 5.

RESORTS INTERNATIONAL, the gambling concern whose shares were suspended yesterday after the New Jersey Attorney General objected to the granting of a permanent licence for its Atlantic City casino, today said it was "appalled" by what had happened.

The objections, contained in a 115-page report, were based on Resorts' alleged connections with organised crime and irregularities at its casinos in the Bahamas and Atlantic City (the latter has been operating on a temporary licence since it opened last May).

Resorts categorically denied that it has ever had any connections with Meyer Lansky or any other alleged undesirables in the broadest sense of the term. It also declared that it has never raised $1m of capital from any illegitimate source.

Resorts added that it was confident it could satisfactorily rebut and clarify every allegation and innuendo made by the New Jersey division of gaming enforcement, and it had asked the state's Casino Control Commission to give it the earliest hearing.

In a bitterly worded comment on the report, Resorts also said that much of the material it contained had been furnished by Resorts itself back in 1977, and the division had had ample time to raise objections. Resorts also said it failed to understand why the division had included items it knew to be untrue and had not given the company a chance to answer unexplained allegations.

The $5-6 drop in Resorts' two classes of shares on the American Exchange yesterday before they were suspended on news of the report illustrated the impact of the Attorney General's charges. But though the outcome is still far from certain for New Jersey's fledgling but hectically growing gambling industry, some market analysts suggest that Resorts may be tangled in a political battle between the Attorney General and the Gambling Control Commission over how strictly the gaming laws should be enforced.

The casino today reported a net win in November of an average $396,362 a day, only slightly below the average since May of $630,977. This figure represents gains in the gaming rooms before operating costs and tax.

Texaco sees earnings growth

CHICAGO, Dec. 5.

TEXACO is reaching the point where its substantial capital investment programmes are "enhancing our earnings potential," Mr. Maurice F. Granville, the chairman, told analysts here.

"The company is committed to a continuing improvement in its earnings performance," he said adding that, "the effort is well underway and the results are beginning to show."

Texaco expects capital and exploratory spending to be about $1.5bn, about the same as in 1977. Earlier this year, Texaco budgeted $1.75bn for worldwide capital and exploratory expenditures.

After the meeting, Mr. Granville said the company expects next year's capital and exploratory expenditures to hold near this year's $1.5bn.

"Under the current restrictive (oil price) controls, Texaco is limiting its capital programme to that level which can be funded from cash flow, except for certain major investments that are project-financed."

The company's gasoline supplies 'are "extremely tight" nationally.

"Our inventories are low and demand is somewhat higher than we had anticipated."

In reply to a question, Mr. Richard B. Palmer, senior vice-president, said Texaco is currently drilling a second well in the Baltimore Canyon discovery area, and added, it will be three weeks to a month before the company can determine results of the drilling.

Commercial development of synthetic gas from the company's 2.3m ton coal reserve in Wyoming is "a good decade away."

Reuter

MEDIUM-TERM CREDITS

A buyers' market in loans

BY JOHN EVANS

CHASE MANHATTAN BANK, like most of its American banking counterparts, is continuing to experience very strong competition in the field of international lending, Chase chairman David Rockefeller said yesterday.

Mr. Rockefeller told a Press conference in London that his bank's overseas lending activity was continuing to expand, but at a somewhat lower pace due to the highly liquid conditions now prevailing in the international capital markets.

"Today, we have a buyers' market in international loans," the U.S. banker said, stressing that major banks in Europe and Japan had become extremely aggressive in competing for new sources of business.

In the medium-term markets, in fact, other bankers are pointing to the example of South Korea as one country that seems to be shifting away from American banks as a main source of commercial bank finance.

In its first large loan involving Arab banks, South Korea — through the state Export-Import Bank—has raised $200m. The operation has been substantially oversubscribed.

Loan managers were Union des Banques Arabes at Francaises (UBAF), First Chicago Asia and the Long-Term Credit Bank of Japan.

The 10-year credit carries a spread of 5-8 per cent for the first two years, and 7-8 thereafter.

Chase Manhattan's general view of the medium-term markets is that there is yet no real levelling-out occurring in the level of lending spreads.

While the surplus revenues of the OPEC group of nations are diminishing, the expanding balance of payments surpluses of such countries as Japan appears to be responsible for the injection of new liquidity into the capital markets.

Apart from First Chicago, few U.S. banks participated in the syndication.

Eurobankers say this is consistent with the trend established

David Rockefeller

during the course of this year for U.S. banks to drop out of the Euromarkets as interest rate margins continue to fall. But their role is being taken over increasingly by banks in Japan, Europe and the Middle East, which have enough excess liquidity to continue lending at terms the Americans consider unattractive.

Mr. Rockefeller was travelling on to Moscow late yesterday to attend meetings this week of the U.S. / U.S.S.R. Trade and Economic Commission.

Mr. Rockefeller believes that private U.S. banks can continue to assist the flow of U.S./Soviet trade, by extending finance for American exports.

However, he indicated that the latest Soviet fund-raising operation in the western financial markets had not appealed to Chase because of the low lending margins offered.

The Soviet Foreign Trade Bank (Vneshtorgbank) has just completed a $250m syndicated loan, with a maturity of eight years and spread of 5-8 per cent.

The loan, placed among a restricted group of banks, was assembled by Lazard Freres in Paris, Banque Europeene de Tokyo and Banque Nationale de Paris.

This credit is widely regarded in markets as representing an effective refinancing of a $250m two-tranche Euromarket loan the Soviet State bank prepaid in the autumn.

Among the large syndicated loans scheduled up to the year-end, Mexico's leading state banking and financial agency, Nacional Financiera, is to arrange a $500m syndicated loan in the Euromarkets.

This should mark the last large Mexican state credit to be raised in 1978.

The loan is for 10 years, with a spread of 7-8 per cent throughout. Five banks will assemble the credit on a joint basis—Bank of America, Citicorp International Group, Dresdner Bank, Bank of Montreal and Bank of Tokyo.

EUROBONDS

Firm trend in dollar sector

BY FRANCIS GHILES

PRICES IN the dollar sector of the Eurobond market moved up by about half a point today in what was described by dealers as active trading. Most dealers were agreed, however, that activity was of a professional nature with prices moving up because of the shortage of bonds in most dealer's inventories rather than any real retail buying interest.

Some dealers feel the market is somewhat oversold and point out that there is a yield difference of 25 to 30 basis points between Yankee bonds and Eurobonds of comparable quality and maturity.

The Norsk Hydro issue was expected to be priced late last night.

Nomura Securities is arranging a $25m seven-year bullet floating rate note for the Banque Nationale d'Algérie. The borrower will pay a coupon of ¾ per cent above the London interbank rate and a minimum interest rate of 7½ per cent. Pricing is expected at par which would give investors a yield of 7.64 per cent.

The underwriting syndicate for this issue includes Japanese banks and the Singapore branches of a number of European and North American banks. The bonds will be listed on the Singapore stock exchange. Terms of this issue are identical to those of the $40m FRN for Banque Exterieure d'Algerie arranged last October.

The Deutsche-Mark sector was very quiet yesterday with prices essentially unchanged. An announcement of a DM 200m issue for New Zeland is expected from Commerzbank later today.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on December 5

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aga Akt. 9½ 88	25	95¾	96¼	+0½	+0¾	9.88
Australia 8.45 83	175	97¼	97¾	0	+0¼	9.39
Australia 9½ 93	75	99	99½	0	−0¼	9.43
Beatrice Foods 7¾ 83	100	95½	96	+0¼	+0¾	8.94
CECA 8¾ 87	50	94¾	95¼	+0¼	+0¼	9.64
CECA 9 93	25	98	98½	0	+0¾	9.21
CECA 9¼ 98	25	99¼	99¾	+0¼	+0½	9.28
CNT 9 93	75	96¾	97¼	+0½	+0¾	9.36
Canada 8 83	250	95¼	95¾	0	−0¼	9.46
Canada 8.20 85	250	94¾	95¼	+0¼	−0¼	9.38
Canada 8¾ 98	250	94¼	94¾	−0¼	−0¼	9.44
Canada 9 83	400	99½	99¾	−0¼	−0¼	9.37
Canada 9¼ 98	350	99¾	100¼	−0¼	−0¼	9.48
Canadair 8¾ 83	70	96¾	97¼	+0¼	+1¼	9.35
Dominion Bridge Co. 9 88	25	94¾	95¼	+0¼	+0¼	9.98
EIB 9¼ 95	125	97¼	97¾	−0¼	−0¼	9.60
Eksportfinans 9 86	50	97¾	98¼	+0¼	+0¼	9.38
Finland 8¾ 83	100	97¼	97¾	0	0	9.70
Finland 9 88	100	96¼	96¾	−0¼	0	9.80
Hospital O/S 9 83	25	96¾	97¼	+0¼	+0¼	9.80
Itel Finance 9¾ 88	25	95½	96	+0¼	+1¼	10.47
Itel Finance 9½ 90	20	93¼	94¼	+0¼	+1¼	10.95
J. C. Penney 8¼ 83	100	97½	98	+0¼	+0¼	9.09
Mac Bloedel 9¼ 93	50	98¼	98¾	+0¼	+0¼	9.45
NZ Dev. Fin. 9¼ 83	20	94¾	95¼	+0¼	+0¼	9.56
NZ Dev. Fin. 8¾ 85	20	94¾	95¼	+0¼	+0¼	9.45
Nat. West. 9 86	75	98¾	99¼	+0¼	+1¼	9.17
Newfoundland 9¼ 90	50	98½	99	+0¼	+0¼	9.42
Nord Inv. Bk. 8¾ 88	25	97	97½	+0¼	+0¼	9.18
Norges Komm. 9¼ 98	75	97¾	98¼	−0¼	0	9.52
Norway 7¾ 83	250	94½	95	+0¼	+0¼	9.36
Norway 8¾ 83	150	97¼	98¼	−0¼	+0¼	9.51
Occidental 9¾ 85	75	93¼	93¾	+0¼	+0¼	10.30
Ont. Hydro 8¾ 85	125	96	96½	+0¼	+0¼	9.27
Quebec Hydro 9¾ 93	50	99¾	100¼	+0¼	+0¼	9.90
Sweden 9¼ 86	125	98¼	98¾	−0¼	−0¼	9.66
UK 8¾ 93	200	96¼	96¾	0	0	9.47
UK 8¾ 83	150	97	97½	−0¼	−0¼	9.43

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 8¼ 88	150	94¾	95¼	0	+0¼	7.20
Asian Develop. Bk. 5¾ 88	100	93	93½	−0¼	−0¼	6.67
Australia 6 88	250	100¾	101¼	0	0	5.86
Austria 6¼ 90	150	94¼	94¾	0	−0¼	6.49
Bankamerica 5¾ 90	150	98½	99	+0¼	+0¼	5.87
Bque. Ext. Algerie 7¾ 85	100	96¼	96¾	+0¼	+0¼	7.95
CECA 6 88	150	96¾	97¼	0	−0¼	6.45
Canada 4¾ 83	600	98	98½	+0¼	+0¼	5.22
Chase Manhattan O/S 6 93	100	101¼	101¾	+0¼	−0¼	5.83
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 5¾ 83	15	96	96½	−0¼	−1¼	6.25
BFCE 6.4 90	30	95¾	96¼	−0¼	−0¾	7.06
Eurofima 6.3 88	10	97	97½	−0¼	−1	6.74
Finland 6.7 88	25	96¾	97¼	0	−0¾	7.24
Norway 5.7 83	25	103¼	103¾	−0¼	−1	5.55
Oslo, City of 6.6 90	15	95¾	96¼	0	−0¼	7.20
SNCF 6.6 93	20	96¾	97¼	+0¼	+0¼	7.06
Sweden 6.3 90	40	95½	96	−0¼	−0¾	6.98

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Rank O/S Hold. 11½ A$	12	94¾	95¼	+0¼	−0¼	12.93
Auto Cote Basq. 7 93 EUA	16	96¼	97¼	−0¼	−0¼	7.38
Copenhagen 7 93 EUA	30	96¾	97¼	0	−0¼	7.35
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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INTL. FINANCIAL AND COMPANY NEWS

VOLVO DEAL NEARS DEADLINE

Major stumbling blocks remain

BY WILLIAM DULLFORCE

OSLO, Dec. 5.

WITH ONLY three days to go to the December 8 deadline for completion of the SKr 750m ($170m) agreement under which Norway is to buy 40 per cent of Volvo, the potential double taxation of the dividends payable to shareholders in the Volvo (Norway) holding company remains the main stumbling block.

At the same time, the Norwegian Financial Analysts Association has chosen the run-up to the deadline to issue an unfavourable analysis of Volvo's business prospects and the Norwegian capital market's capacity to absorb the Volvo shares.

The double-taxation problem arises from the Swedish Government's refusal to amend its laws to enable Volvo to pay 40 per cent of its taxes in Norway. The result is that shareholders in the envisaged Volvo (Norway) holding company—half of whom must be private investors, according to the preliminary agreement—would have their dividends reduced by the payment of company tax on Volvo's earnings in both Sweden and Norway.

Urgent talks are going on at the Norwegian Finance Ministry to find a solution. One suggestion is that Volvo (Norway) be exempted from Norwegian company tax under an Act allowing the government to make agreements with foreign powers to avoid double taxation. But this would not eliminate all the disadvantages for the Norwegian shareholders, as Swedish law allows certain deductions from company profits to be made before the payment of company tax, and these deductions do not apply to profits transferred abroad.

Another unresolved issue concerns the subordinated capital in Volvo (Norway). Under the government's provisional arrangement, Norway's three leading banks would initially take up half the NKr 300m share capital and half of a NKr 300m debenture issue in Volvo (Norway). The remaining NKr 200m of the purchase price would be in the form of a loan.

If Volvo suffered a bad year for profits the subordinated capital would have first claim on earnings at the expense of the shareholders' dividend. If Volvo experienced a run of bad years, the claims of the subordinate capital could erode the company's equity. These considerations are not likely to enhance the attraction of the Volvo (Norway) shares to Norwegian investors.

In a 39-page report issued yesterday, the Norwegian financial analysts state that a substantial improvement in Volvo's ability to finance investments from its own resources is required if the company is to maintain its position within the car industry in the 1980s. Volvo's low profitability, and not its technological resources, constituted the main limit to its future development, they said.

The improvement in Volvo's performance this year, and the forecast improvement in 1979, were due to the devaluation of the Swedish Krona and a record year for car sales in Europe, but it could not be assumed that this trend would last through the 1980s, the analysts claimed.

While Volvo's truck and bus operations were very profitable, they were too small to carry the company's other operations. The car division would have to invest between NKr 1.5bn and NKr 2.5bn over the next three or four years to develop a new model to replace the 240/260 series.

The analysts note that plans announced by BMW and Mercedes, two of Volvo's closest rivals, assume a rate of investment equivalent to NKr 6,000 and NKr 6,500 a year per car respectively up to 1982. To achieve a comparable investment, Volvo would have to spend about NKr 1.3bn a year on its cars. Last year it invested just NKr 300m, the analysts claim.

They reiterate the argument that a large issue of Volvo shares is unrealistic in view of the current state of the Oslo Stock Exchange. Great harm could be done to the shares market if an issue of this size did not meet expectations of dividend and price increases. The analysts saw only limited possibilities for future dividend growth, and small chances of growth in the value of the Volvo (Norway) shares.

Mr. Odvar Nordli, the Norwegian Prime Minister, who has invested so much political prestige in the Volvo deal, appears to be totally unaffected by the tax problems or by the financial analysts' report. A spokesman for his office said the Volvo agreement was still expected to be completed by December 8.

Government bond planned for Holland

By Jeffrey Brown

THE DUTCH Government is to tap the Amsterdam capital market next week with an issue of ten year bonds on a coupon of 8¾ per cent. The tender, which comes at a time of pronounced weakness for the bond market, will be the seventh by the state this year.

At this stage few dealers are prepared to predict how the market will react to the issue. Payment is not due until the middle of January by when the investment institutions will be in a position of increasing liquidity under the impact of end of year interest payments. But the market presently is weak and uncertain following bad news about the Dutch economy.

Last month the Government announced that Holland was heading for a trade deficit for 1978. This largely confirmed what the market had long begun to suspect but nonetheless the impact on bond prices was dramatic. Over the past 12 days trading, the average bond price has fallen by more than two points.

Sentiment has further been affected by the breakdown of the central wage negotiations largely because of union rejections of Government plans to reduce public spending. The Dutch equity market is now 15 per cent under its peak of mid-September.

At all events, bond market morale is far removed from its level of October when a government offering pulled in a massive Fls 800m and moved quickly to a substantial premium in early dealings. Last week's new issue from the Algemene Bank Nederland was forced to lift its coupon by a quarter point to 8¾ per cent.

However, Dutch interest rates may now have adjusted to the new conditions. Certainly the differential between rates in Amsterdam and New York has narrowed significantly. For the moment foreign exchange markets are holding steady. The $-DM rate stands at around 1.08 compared to the 1.108 level at which the central bank is committed to intervene with support.

● Danish Finance Minister, Knud Heinesen, has requested authority from parliament to raise state loans totalling DKr 32bn ($5.9bn), Reuter reports from Copenhagen. Some DKr 7bn will be raised abroad and DKr 25bn at home. If approved, the loans will be the largest sum ever sought by the Danish state at one time.

Veba dividend to increase

By Jonathan Carr

BONN, Dec. 5.

VEBA, the West German energy concern, proposes to pay an increased dividend for this year and expects even higher profits next year.

This has been made clear by the company following word at the weekend that group net profit rose by 43 per cent to DM 134m in the first three quarters of this year. The result for the last quarter is expected to be even better than the average for the previous three.

CGE in energy-saving project

BY TERRY DODSWORTH

PARIS, Dec. 5.

CGE, the diversified French electrical engineering and telecommunications group, is launching a FFr 300m ($68m) investment programme in the field of energy-saving technology.

The plan, due to run for five years, involves a joint project with Rhone Poulenc, the chemicals group, and a co-operative agreement with the public housing authorities for the design of a new low-energy house.

The company is talking to a U.S. group about a further co-operative venture in the same area.

CGE's plans underline a feeling in the French industry that the country is falling behind the rest of the world in energy-saving research. Private industry has recently been putting pressure on the Government to subsidise research in this area.

The company expects its U.S. talks to be finalised in the next few weeks. CGE is prepared to invest between $5m and $10m in its venture with a U.S. partner, whose technology should complement that of the French company.

CGE expects a turnover of FFr 1.5bn in 1985 in the field of new energy sources and energy-saving activities, 50 per cent of which should come from foreign operations. The company has earmarked FFr 300m for research between 1979-1983, 35 per cent of which is for sunlight conversion, 30 per cent for housing, 15 per cent for storage, and the remainder for energy-saving in industry and elsewhere.

It is announced that CGE's portfolio revenues and other income for the nine months ended September 30 were FFr 119.3m compared with FFr 142.4m. The company said portfolio revenues for 1978 would exceed FFr 150m, against FFr 136m.

Danfoss earnings down despite rise in sales

BY HILARY BARNES

COPENHAGEN, Dec 5.

DANFOSS, THE Danish manufacturer of temperature control and hydraulic equipment, reported sales in the year ending September 30 of DKr 2.25bn ($417m), an increase of 4 per cent on the previous year. Earnings were down, but the company has not yet published a figure. However, it said that operating profits were still satisfactory last year.

The company said that stocks of finished goods were reduced in the second half of the fiscal year, and were now in line with expected sales. Employment in the Danish factories has improved in recent months, and short-time working has been ended.

No significant increase in sales is expected in 1979, said the company, in view of the tough price competition in world markets. This will again limit earnings in the coming year, but thanks to reserves built up in previous years the company will be able to carry out its substantial investment programme.

Investments in 1978 included the completion of buildings with a total area of 12,000 sq metres and starts on buildings with an area of 18,000 sq metres, mainly production facilities in Denmark.

Higher Alfa Romeo output

MILAN, Dec. 5

ALFA ROMEO, the Italian state-owned auto manufacturer, expects its sales to top 225,000 units this year. The company, Italy's second largest auto manufacturer after Fiat Spa, estimated that its sales on the domestic market would amount to 110,000 units by the end of 1978, sharply up from 80,000 cars the previous year. Sales abroad were expected to total 115,000 cars.

Alfa Romeo sources said increased sales this year were due to higher productivity.

AP-DJ

Inter-Pan capital move

BY JOHN WICKS

ZURICH, Dec. 5.

IT IS POSSIBLE that share capital of the Swiss company Inter-Pan Holding AG will have to be reduced by the time British-American Cosmetics exercises its option to buy Inter-Pan's minority stake in the Juvena group between 1982-84.

This is stated in the Inter-Pan annual report for the year ended June 30, which shows a further loss of SwFr 2.8m. In the previous year losses had totalled SwFr 2.95m.

British-American Cosmetics, a subsidiary of the BAT group, took over a majority shareholding in Juvena last year. The former Juvena holding company changed its name to Inter-Pan and retained temporarily a minority stake in Juvena. Although sales in local currencies of the Juvena cosmetics group are developing satisfactorily this year, the appreciation of the Swiss franc is having its effect on consolidated profits, Inter-Pan reports.

The final price for the Inter-Pan shareholding is linked to profit development of the various Juvena group companies involved in the acquisition. Inter-Pan, whose total stake in the Juvena group is worth SwFr 43m, may have to write off part of this book value against share capital which totals SwFr 40.64m, according to an auditor's report.

Inter-Pan states that the liquidation of former Juvena companies not involved in the BAT take-over has not yet been completed and is taking rather longer than foreseen.

It is hoped that most of these can be completed in the current business period. The Binella toiletries division was sold to Cooper Cosmetics SA of Geneva, last year.

Swiss investment fund payout

BY OUR OWN CORRESPONDENT

ZURICH, Dec 5.

THE INTERNATIONAL securities investment fund Gestivalor, of Lugano, an affiliate of Banca del Gottardo, is to distribute a dividend of SwFr 2.25 per certificate for its first business year, which ended on September 30.

Issue price for fund certificates, of which 118,329 were in circulation, is given as SwFr 95 and total fund holdings as SwFr 10.84m.

Both Gestivalor and the same bank's international bond fund Rentvalor 75 suffered from the exchange-rate situation, says Banca del Gottardo in a communique.

Rentvalor 75 reports a fall in its issue price to SwFr 90.50, while certificate circulation rose by 318,573 to 879,993 and total assets amounted to SwFr 78.78m. A dividend of SwFr 5.25 is to be paid for the year.

Esso Germany sees substantial profit

FRANKFURT, Dec 5

EXXON CORPORATION'S German subsidiary, Esso AG, will make a substantial profit this year compared with a loss of DM 56.1m ($29m) in 1977, after recording a profit of about DM 120m in the first three-quarters of 1978, according to the management board chairman, Herr Wolfgang Oehme.

Herr Oehme said that the estimated loss in the petroleum products sector has been reduced to DM 5 per tonne of products sold from DM 16 last year and the DM 9 predicted in mid-year.

He said that Esso intentionally cut its share of the German oil market by about 1m tonnes of products this year, reducing it to around 15 to 16 per cent, while competitors who increased their share did so by incurring losses.

Drastic cuts were made this year in sales of heavy fuel oil, Oehme added.

Asked why oil prices are rising in Germany when the D-Mark price for crude has been reduced by the dollar's weakness, Herr Oehme said "We are not selling crude, and refining costs have risen."

He explained that the tighter restrictions on the lead content of motor fuel have necessitated heavy investments, while from January 1, 1979, the sulphur content of light heating fuel must be reduced, with Esso building a DM 70m plant in Hamburg to meet this demand.

Import prices of refined products have increased substantially this year even in D-mark terms, Herr Oehme said.

One tonne of refined petrol costs $227 via Rotterdam at present, compared with $140 in January, which, allowing for a shift in the exchange rate with the D-mark to DM 1.90 from DM 2.12, gives a rise to DM 431 from DM 296.50.

Herr Oehme said that this amounted to a rise of 10.2 pfennigs a litre, yet pump prices have only risen about 2 pfennigs in this 10-month period.

He said petrol consumption in Germany this year will rise by about 6 per cent, with more cars on the road and a continuing trend towards more powerful motors.

Central heating fuel consumption will rise about 8 per cent, largely because of the relatively long 1977-78 winter, and natural gas consumption will increase by about 6 to 8 per cent.

Total consumption of petroleum products in West Germany will rise by 3 per cent this year, with a similar increase in overall primary energy, but consumption of heavy fuel oil will be down about 2.5 per cent, Herr Oehme said.

He added that Esso AG is diversifying, with plans to begin manufacturing fuel rods, and prospecting for uranium is also under way.

He said that the company has invested DM 15m in the past 2½ years in concessions in southern Germany, and is hopeful of commercial finds in two areas, though he would not say where.

Reuter

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Further earnings boost at Straits Times Press

BY H. F. LEE

SINGAPORE, Dec. 5.

LEADING Singapore newspaper publishing company Straits Times Press (1975) boosted profits again in the year to August 1978 and is proposing a further scrip issue, this time on a one-for-three basis.

Earlier this year, in January, it announced a one-for-two scrip issue after announcing its 1976-1977 results, which also showed a sharp improvement.

Group results for 1977-78 showed a climb in profits to S$6.45m (US$2.93m) before tax and S$4.4m net of tax and minority interests on an improved turnover of S$50m.

As Straits Times has for the first time equity accounted New Nation and Times Business Publications, publishers of an afternoon daily and a business daily respectively, no comparative figures for the previous year were available.

However, results of the parent company are comparable and they show pre-tax profit rising 95 per cent to S$8.21m and the post tax figure 49 per cent higher at S$3.27m.

Turnover rose by 17 per cent to S$45.5m. Straits Times has declared a final gross dividend of 12.5 per cent, making a total of 22.5 per cent for the whole year compared with 20 per cent in the previous year after adjusting for the one-for-two scrip issue in January this year.

Straits Times' improved results also reflect the continuing buoyant conditions which all major newspaper publishers in Singapore are currently enjoying. Two leading Chinese newspaper publishers, Sin Chew Jit Poh and Nanyang Press also recently turned out an impressive set of figures.

Times Publishing, a sister company of Straits Times Press, has also unveiled its 1978 results. However, unlike Straits Times' impressive results, Times Publishing could only manage a modest 15 per cent increase in pre-tax profit to S$15.53m on a 21 per cent increase in turnover to S$140.4m.

An 11 per cent decline in investment income to S$4.67m, however, pared the percentage increase in net profit after taxation to only 10 per cent. The net profit was S$12.65m.

The group's profit was significantly affected by the 50 per cent increase in depreciation charges to S$2.84m.

Times Publishing which is involved in book and magazine publishing and distribution and printing has declared a final dividend of 15 per cent, making a total of 22.5 per cent for the year.

This is slightly higher than the 19.64 per cent paid out in the previous year after adjusting for a two-for-five scrip issue made by the group this January.

Times Publishing is also a partner in the Asian Wall Street Journal.

Sime Darby plantation subsidiary lifts profit

By Our Financial Staff

CONSOLIDATED Plantations, a subsidiary of Sime Darby, raised attributable profits by a third to 15.3m ringgits ($6.9m) in the first three months to September 30, with turnover growing at a similar rate to 56.8m ringgits.

At the pre-tax level, profits showed an improvement from 20.7m ringgits to 27.7m.

During the whole of last year, the company saw its attributable profits decline by 13 per cent to 36.8m ringgits, with turnover edging up by just over 4m ringgits to 186.9m. The 1977-78 pre-tax figure was 66.8m ringgits against 70.7m.

The company's average selling prices all showed an improvement during the quarter, rising in the case of palm oil to 1,019 ringgits per long ton fob, net of duty from 910 ringgits in the same period of last year.

Palm kernel prices moved up to 691 ringgits per long ton ex mill from 561 ringgits, while those for rubber averaged 1.91 ringgits per kilo fob, less duty, compared with 1.73 ringgits a year ago. The average price for cocoa increased from 2.02 ringgits per pound fob to 3.26 ringgits.

The average selling prices obtained during the 1977-78 financial year were 883 ringgits per long ton for cocoa, 571 ringgits for palm kernels, 1.76 ringgits per kilo for rubber, and 2.97 ringgits a pound for cocoa.

Bullish predictions for Tokyo market

BY BILL COCHRANE

YESTERDAY morning, the Tokyo Dow briefly reached a new high of 6,066.46, before closing 3.89 points lower on the day at 6,052.69. So far, so good for Nomura Securities, Japan's biggest securities house, which took a basically bullish line on the market at its investment seminar last week in London.

This was not immediately apparent from the technical viewpoint presented by Mr. Tadashi Yoshimura, a director and general manager of Nomura Securities. "Beginning with the conclusion," he led off, "I am sure that the market will start to decline in the near future."

Mr. Yoshimura had four main reasons for reaching this conclusion. First, there was the time that the current bull market had been running. To date, there has been a continuous rise for 12 months. The longest bull market in Japan's post-war history, he noted, was 15 months starting starting in November 1971 and ending in January 1973.

Second, he pointed to market turnover. Expressed as a ratio, provisional turnover figures for the past month showed a figure of 5.49 per cent. Past experience suggests that 5 per cent is the critical level, and that when turnover exceeds that figure the market is headed for a peak.

Third, and fourth, Mr. Yoshimura pointed to the level of margin trading for the long and short term. All in all, he concluded, "several indicators suggest that the market is overheated."

But Mr. Yoshimura made it clear that he would regard any correction as short term, an opportunity both for liquidation of some existing holdings and the purchase of new ones. Last year, he reminded his listeners, "I said that in 1980 or 1981 we would have a market at such a high level that it could be completely beyond our comprehension. Basically, my position has not changed at all."

Getting down to cases, Mr. Yoshimura described next year as "unpredictable." But, once again, he offered a guideline or two. His prognosis was a strong first-half in 1979 and a weaker second six months, with the downside risk limited to 300 or 400 points on the Dow on present assumptions: unexpected factors, he said, made a decline of up to 10 per cent possible.

The question, then, is how much further the market has to go before it falls. Mr. K. Tsubaki, a director of Nomura Securities Investment Trust Management Company, reckoned that the peak was possibly 7,000. But as an institutional investor rather than a technical analyst, his view was that the peak would come towards the end of next year.

NZ Forest Products innovation

By Our Own Correspondent

WELLINGTON, Dec. 5

NZ FOREST Products, one of the giants in the New Zealand forestry industry, has developed a major breakthrough in utilising pine bark. Huge quantities of bark from Radiata pine logs, which form the basis of the forestry pulp and paper industry have, up until now, been used mainly as a waste material for firing furnaces. Now, NZ Forest Products is extracting a valuable bonding agent which can replace expensive imported resins.

Stagnant SA building sector requires public investment

BY JIM JONES

JOHANNESBURG, Dec 5.

SOUTH AFRICA'S stagnant construction industry is unlikely to show any signs of recovery without increased public sector spending, according to Mr. Mike Ridley, managing director of the R400m turnover construction company LTA. But counting on that in the very near-term could be an exercise in futility.

While other construction companies have been diversifying into other sectors, LTA has concentrated on the business it knows. But it means that the bulk of its first half turnover improvement from R183m to R197m ($226.4m) came from acquisition of a small electrical contractor and two steel reinforcing operations. With cost inflation it means that organic growth in the first half of the current year was negligible.

Since March 31 uncompleted contracts on hand increased from R? to R400m at September 30. But with margins tight in an increasingly competitive market, a proportional increase in operating profit is not on the cards.

A higher 20.1 per cent tax rate and greater minorities' profit share meant that the group's first half R3.9m taxed profit was only 1.9 per cent ahead of the corresponding period of 1977. At 200 cents to yield 9.5 per cent, the share reflects Johannesburg's view that the pattern is likely to be repeated in the second half.

Similar pessimism does not spill over into Cementation Company. Though its trading profit for the year to September 30 only increased by 6.3 per cent to R3.5m, the 200c share price and 7 per cent yield reflect optimism of a significant earnings improvement in fiscal 1979. Cementation has successfully tendered for construction contracts at gold fields of South Africa's northern cape Black Mountain lead/silver project. Contract profits should start flowing through strongly in the current year.

Japanese in reinsurance venture

TOKYO, Dec. 5.

TWO JAPANESE insurance companies will each acquire 11.25 per cent of the capital shares in a multi-national reinsurance group to be established in Singapore in the near future.

Dowa Fire and Marine Insurance Company and Fuji Fire and Marine Insurance Company said that their capital shares in the new company, to be called "ICS Reinsurance Ltd.," will total Y4.4bn ($22.3m).

ICS Reinsurance, to be inaugurated in January will be a joint venture by Insurance Corporation of Singapore, a semi-Governmental property insurance company, and British, Finnish, New Zealand, Hong Kong and Saudi Arabian concerns, as well as the two Japanese companies.

Dowa and Fuji were among a number of insurance companies invited to invest in the new group, which is to handle non-life types of insurance throughout Southeast Asia.

AP-DJ

New Zealand moves to limit takeover abuses

BY DAI HAYWARD

WELLINGTON, Dec. 5.

THE NEW ZEALAND Stock Exchange has introduced a new code on takeovers which must be observed by all shareholders and listed companies.

Company directors or other persons with access to early information on takeovers are specifically prohibited from using this knowledge to benefit themselves, their families or their clients before the market has been made aware of the takeover offer.

The new code is designed to protect the rights of shareholders and to ensure that all interested parties simultaneously receive all available information.

The Secretary of the NZ Stock Exchange Association, Mr. Ian McAllister said fairness to shareholders was the principle yardstick applied and every effort had been made to make the code impartial.

The stock exchange now has the power to suspend quotations in a takeover if it believes a false market exists or has been deliberately created or if there was a breach of the code in any other way.

Shareholders must now be consulted before a company makes an issue of shares which could change the balance of control.

Tefahot bank ahead

BY L. DANIEL

TEL AVIV, Dec 5.

TEFAHOT, the largest mortgage bank in Israel, turned in a 23.5 per cent increase in net profits to I£165m ($9.6m) in the financial year to March 31, a rate of growth lower than the 36 per cent advance in total consolidated assets.

This was because the previous year had produced extraordinary net profits of I£132m, the result of a change in accounting practices.

The bank, which holds between 30 and 35 per cent of all outstanding mortgages, has declared an unchanged cash dividend of 20 per cent for 1977-78 plus a three-for-ten scrip issue. For 1976-77, it made a one-for-two issue.

The total consolidated assets, which include only two subsidiaries—Carmel Mortgage and Investment Bank (84 per cent owned) and Kishon Investment (wholly owned) came to I£11.4bn as of March 31, 1978. Loans and deposits accounted for 88 per cent of the balance sheet total.

The surplus of index-linked assets held over index-linked liabilities was I£1.1bn, compared with I£0.9bn. Shareholders' equity increased by 29 per cent to I£565m.

The main shareholders of the bank are the Israel government, which has 51.8 per cent of the voting rights and 17.1 per cent of the capital; Clal (Israel) with 20.8 and 32.4 per cent respectively and Israel Investors Corporation (16.3 and 19.7 per cent). The government has recently been negotiating with Canadian investors about the sale of its holding. At the same time, Clal and Israel Investors Corporation have been negotiating with the United Mizrachi Bank on the sale of some of their shares to the bank.

THE BOARD of Israel Discount Bankholding—the parent company of the Israel Discount Bank group—will propose to an extraordinary general meeting on January 23 an increase in the registered share capital of IDB by I£500m ($28.6m) through the issue of ordinary shares. This will bring the registered share capital to I£2.5bn.

Tokyo Electric Power

After-tax profit for the Tokyo Electric Power Company for the first half of the fiscal year to September 30, increased to Y44.61bn ($226.4m) from a corresponding Y35.18bn, Reuter reports from Tokyo. Sales for the energy supply company also improved to Y925.38bn compared with Y886.62bn for the same period in 1977. The company declared a Y25 interim dividend which was similar to last year's first half payment.

LOCAL AUTHORITY BONDS

Every Saturday the Financial Times publishes a table giving details of LOCAL AUTHORITY BONDS on offer to the public

For advertisement details please ring S. Cooper 01-248 8000, Extn. 7008

BUILDING SOCIETY INTEREST RATES

GREENWICH
(01-858-[illegible])
[illegible] Greenwich [illegible] Road
Greenwich [illegible]
Rates effective from December
Deposit Rate [illegible] Share Accounts [illegible], Sub'pn Shares [illegible], Term Shares 2 yrs [illegible] 3 yrs [illegible] Interest paid quarterly on Shares term shares. Monthly Income Shares [illegible]

LONDON GOLDHAWK
(01-995 2321)
[illegible] Chiswick High Road,
London W4 [illegible]
Sub'pn. Shares [illegible]
Deposit Rate [illegible] Share Accounts [illegible]
Rates effective from December
Sub'pn. Shares 9.50%, Deposit Rate 7.75%.
Share Accounts 6.25%.

CLIVE INVESTMENTS LIMITED
1 Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101.
Index Guide as at November 30, 1978

Clive Fixed Interest Capital	128.05
Clive Fixed Interest Income	113.68

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD.
45 Cornhill, London EC3V 3PB. Tel.: 01-623 6314.
Index Guide as at November 30, 1978.

Capital Fixed Interest Portfolio	100.29
Income Fixed Interest Portfolio	100.04

WORLD STOCK MARKETS

Early Dow 6.6 gain on interest rate hopes

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—79½% (75¾%)

Effective $1.9515 34½% (31½%)

A FIRMER dollar and a glimmer of hope that interest rates may soon peak prompted Wall Street to gain some ground in moderate early trading yesterday.

The Dow Jones Industrial Average improved 6.58 to 813.41 at 1 pm, while the NYSE All Common Index rose 38 cents to

Closing prices and market reports were not available for this edition.

$54.11 and gains outpaced falls by about a seven-to-four ratio. Turnover came to 16.31m shares, against Monday's 1 pm level of 14.9m.

Manufacturers Hanover Trust president John F. McGillicuddy, said interest rates could continue to rise into the New Year but a peak is close.

However, analysts had voiced concern over the weekend that there was a possibility of a resurgence of money supply growth in coming weeks which could lead to further credit tightening by the Federal Reserve.

Boeing topped the actives list and rose 1¼ to $72¾. On Monday, it said it was holding talks to sell Boeing 747 jets to China.

Rohr Industries, a Boeing sub-contractor, gained ¾ to $18. Its fiscal first-quarter net profits were more than doubled.

Burlington Industries put on ¾ to $17¾. A block of 32,000 shares were traded at $17¾. **Bethlehem Steel** added ¼ at $20½. The company has signed a pact reportedly in excess of $100m to help develop an iron ore mine in China.

Plessey gained ¾ to $21 in response to improved fiscal second-quarter profits.

MBPXL climbed 1½ to $26½. Conagra said a Nebraska court has temporarily enjoined Cargill from interferring with a proposed merger with **MBPXL**. Conagra had yet to trade.

Deere slipped ¾ to $32¾ after reporting slightly lower fourth-quarter profits.

Carrier lost ¾ to $25¾ in its first trading since Friday. **United Technologies**, down ¾ at $38, said it has received about 19m Carrier shares in its bid to acquire 17m at $28 each.

THE AMERICAN SE Market Value Index was 0.65 higher at 150.91 at 1 pm. Volume 1.53m shares (2.01m).

Syntex led the actives list, gaining ¾ to $26¾. **Houston Oil**, in second place, picked up ¾ to $17¾.

Bernzomatic rose ¾ to $3 on stating that Newell may propose a merger. **Newell**, at $8¾ bid, were unchanged in over-the-counter trading.

Anglo "A" added ¾ at $12¾ on more-than-doubled annual profits.

Canada

Markets displayed a bias to lower levels in fairly active trading yesterday morning despite the firmer trend in New York.

Analysts attributed the easier tone in part to a rise in November unemployment, a Budget deficit increase of C$315m in the latest month over a year ago and Monday's news of a C$613m drop in foreign reserves.

The Toronto Composite Index was 0.7 off at 1,280.7 at noon, while Oils and Gas lost 2.0 to 1,770.1. Banks 1.46 to 304.39 and Utilities 0.28 to 196.06. Metals and Minerals, however, gained 2.2 to 1,076.2.

Management Companies also resisted the downtrend, rising nearly 17 points on index. **Brascan "A"** gained ¾ to C$72¾. **Canadian Pacific Investments** ¾ to C$24 and **IU International** ¾ to C$11¾.

Yukon Consolidated Gold eased a cent to C$2.45 on lower nine-months' earnings, but **Hudson's Bay Oil**, which raised its dividend, hardened ¾ to C$51¾.

Tokyo

After an early fresh advance, the market turned back on late profit-taking and other liquidations to finish with mixed movements on balance.

There was another heavy trade with volume reaching 620m shares, compared with Monday's 560m. The Nikkei-Dow Jones Average touched a new all-time high of 6,066.46 before reacting to 6,052.69, down 3.89 on the day.

Communications, Public Works issues, Shippings and Pharmaceuticals closed lower, while Steels and Heavy Electricals finished mixed.

Export-orientated Electricals and Cameras turned downwards following the yen appreciation in Tokyo, with Sony ending Y50 off at Y1,500. **Matsushita Communication** Y80 down at Y1,870 and **Matsushita Electric** Y13 cheaper at Y720.

However, some Vehicles were higher on reports that Japanese vehicle registrations in November rose 13.5 per cent from a year ago. **Toyota Motor** added Y8 at Y908.

Fujitsu, Japan's major computer manufacturer, fell sharply by Y28 to Y379 on news that International Business Machines, of the U.S., has succeeded in developing a new type of Large Scale Integration (LSI). A Japanese Press report from New York said that the new type of integration capacity is ten times as great as the current type.

Gaining issues on the day included **Matsushita Kotobuki**, up Y70 at Y1,750, **Kimura Chemical Plants**, Y32 higher at Y288, and **Fujikoshi**, Y39 firmer at Y292.

On the other hand, **Japan Security Patrol** lost Y60 to Y2,120, **Toho** Y50 to Y7,600 and **Nippon Telecommunication Construction**, Y30 to Y3,800.

Germany

After an easier morning session, stocks were inclined to gain ground to close with a majority of net gains. The Commerzbank index was 2.1 firmer on the day at 826.0.

Commerzbank gained DM 1.40 in Banks, while **GHH** and **KHD** led Engineerings ahead with respective rises of DM 2.20 and DM 3.20.

Leading Chemicals closed slightly firmer, while Electricals were steady. Motors were mixed, with BMW off DM 1.00 and Volkswagen up that amount.

Horten, in Stores, added DM 2.50, while **Neckermann** rose DM 4.70.

In contrast, **Degussa** receded DM 2.60 and **Krupp** DM 3.50.

Public Authority Bonds continued to weaken, with offerings particularly heavy in high coupon issues, due 1981, and prices closed as much as 35 pfennigs lower. The Regulating Authorities boosted their net purchases to DM 28.7m from DM 7.5m the previous day. Mark Foreign Loans were little changed after light turnover.

Paris

Bourse prices mainly gained fresh ground, boosted by good demand from Mutual Funds.

Brokers said that the market could remain firm up to the end of this year as small investors put their year-end bonuses into Mutual Funds created following the "Monory Law," announced earlier this year. The law provides for income tax relief on investments of up to FFr 5,000 in French shares.

Stocks moving significantly higher included **Pretabail**, **Beghin**, **L'Oreal**, **Michelin**, **Perrier**, **Arjomari**, **Printemps**, **Thomson-Ericsson**, **Carrefour**, **Creusot-Loire**, **Generale des Eaux** and **Applications des Gaz**.

On the downside were **La Henin**, **Generale Occidentale**, **Sacilor** and **BIC**.

Australia

Shares were again firmer-inclined, where changed, after a slow trading session.

BHP, A$8.48, and Bank issue **ANZ**, A$3.92, were the outstanding performers, rising 14 and 12 cents respectively although on light turnover. An institution was thought to be topping up its holdings before closing its books for the Christmas break.

Bank of NS Wales improved 6 cents to A$6.50, while **Myers**, in Stores, put on 4 cents to A$1.67, but **Woolworths**, up 3 cents the previous day, came back 3 cents to A$1.52.

Elsewhere, **Howard Smith** jumped 19 cents to A$3.81 and **Australian Foundation Investment** moved ahead 6 cents to 96 cents, but **Wormald International**, following its bid for Ansul, of the U.S., retreated 10 cents to A$2.98.

Among Oils, **Santos** gained another 5 cents to A$2.15, while **Australian Oil and Gas** added 4 cents at 67 cents and **Beach Petroleum** 3 cents at 65 cents.

Speculation in Diamond exploration issues subsided and **CRA**, after Monday's 15 cents rise, shed 5 cents to A$3.40. **Ashton Mining**, however, hardened 2 cents more to 93 cents.

In the Uranium sector, **EZ Industries** firmed 4 cents to A$2.04, but **Pancontinental** declined 40 cents more to A$9.20.

Hong Kong

Following Monday's good rally, shares tended to soften a little in a moderate business. The Hang Seng index, 19 points up the previous day, eased 3.14 to 516.93.

Among the leaders, **Hong Kong Land** declined 15 cents to HK$8.10, **Hongkong Bank** and **Jardine Matheson** 10 cents apiece to HK$17.60 and HK$12.20 respectively, **Wheelock** 5 cents to HK$2.65 and **Hutchison Whampoa** 2.5 cents to HK$4.40.

Hang Seng Bank slipped HK$1 to HK$176 and **Hong Kong Hotels** 50 cents to HK$28.20, while **Cheung Kong** and **Hong Kong Electric** each lost 15 cents to HK$9 and HK$6 respectively, but **Hong Kong Wharf** gained 10 cents to HK$28.

Amsterdam

Narrow irregular movements were the order of the day.

However, **Heineken**, in the Breweries sector, made a bright showing with an advance of Fl 3.70 to Fl. 98.00 awaiting annual results, due today.

In Dutch Internationals, **Royal Dutch** shed Fl 1.20 and **Hoogovens** Fl 0.60.

State Loans were steady. The announcement of an 8¾ per cent 10-year State Loan tender had been expected.

Johannesburg

Golds made a mixed showing in quiet trading.

Among Diamonds, **De Beers** edged ahead 3 cents more to R7.38 and **Anamint** rose R1.25 to R78.25.

Dealers noted revived interest in Colliery shares, while Platinums advanced, aided by some London support. **Implats** rose 13 cents to R3.95 and **Lydenburg** 12 cents to R1.45.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax. ♥ Pta 500 denom. unless otherwise stated. ♣ DKr 100 denom. unless otherwise stated. ⊕ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. ▲ Interim since increased.

NEW YORK

† Bid. ‡ Asked. § Traded. ¶ New stock.

Indices

NEW YORK—DOW JONES

	Dec. 4	Dec. 1	Nov. 30	Nov. 29	Nov. 28	Nov. 27	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
● Industrials	806.85	811.60	799.03	790.11	804.14	815.84	907.74 (8/9)	742.12 (28/2)	[illegible] (11/1/73)	41.22 (2/7/32)
H'meB'nds*	86.28	86.26	86.41	86.44	86.50	86.71	90.88 (4/1)	86.12 (15/11)		
Transport	215.38	218.60	212.36	208.71	211.87	215.04	261.49 (8/3)	199.31 (9/1)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities	100.27	99.97	99.56	99.26	99.90	99.73	110.98 (5/1)	98.65 (14/11)	165.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	22,920	25,920	19,820	21,160	22,740	18,730	—	—		

● Day's high 816.89 low [illegible]

* Basis of index changed from Aug. 24

	Dec. 1	Nov. 24	Nov. 17	Year ago (approx)
Ind. div. yield %	5.97	5.83	5.90	5.57

STANDARD AND POORS

	Dec. 4	Dec. 1	Nov. 30	Nov. 29	Nov. 28	Nov. 27	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
‡ Industrials	106.89	106.96	105.16	104.01	105.64	106.57	118.71 (12/9)	95.52 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
§ Composite	95.15	96.28	94.70	93.75	95.15	95.99	106.99 (12/9)	86.90 (6/3)	125.85 (11/1/73)	4.40 (1/6/32)

	Nov. 29	Nov. 22	Nov. 15	Year ago (approx.)
Ind. div. yield %	5.25	5.12	5.27	4.89
Ind. P/E Ratio	8.75	8.90	8.64	9.35
Long Gov. Bond yield	8.75	8.67	8.66	7.77

EUROPEAN OPTIONS EXCHANGE

BASE LENDING RATES

A.B.N. Bank	12½%	■ Hambros Bank	12½%
Allied Irish Banks Ltd.	12½%	■ Hill Samuel	§12½%
American Express Bk.	12½%	C. Hoare & Co.	†12½%
Amro Bank	12½%	Julian S. Hodge	13½%
A P Bank Ltd.	12½%	Hongkong & Shanghai	12½%
Henry Ansbacher	12½%	Industrial Bk. of Scot.	12½%
Associates Cap. Corp.	12½%	Keyser Ullmann	12½%
Banco de Bilbao	12½%	Knowsley & Co. Ltd.	14½%
Bank of Credit & Cmce.	12½%	Lloyds Bank	12½%
Bank of Cyprus	12½%	London Mercantile	12½%
Bank of N.S.W.	12½%	Edward Manson & Co.	13 %
Banque Belge Ltd.	12½%	Midland Bank	12½%
Banque du Rhone	13 %	■ Samuel Montagu	12½%
Barclays Bank	12½%	■ Morgan Grenfell	12½%
Barnett Christie Ltd.	13½%	National Westminster	12½%
Bremar Holdings Ltd.	13½%	Norwich General Trust	12½%
Brit. Bank of Mid. East	12½%	P. S. Refson & Co.	12½%
■ Brown Shipley	12½%	Rossminster	12½%
Canada Perm't Trust	12½%	Royal Bk. Canada Trust	12½%
Cayzer Ltd.	12½%	Schlesinger Limited	12½%
Cedar Holdings	12½%	E. S. Schwab	13½%
■ Charterhouse Japhet	12½%	Security Trust Co. Ltd.	13½%
Choulartons	12½%	Shenley Trust	14 %
C. E. Coates	12½%	Standard Chartered	12½%
Consolidated Credits	12½%	Trade Dev. Bank	12½%
Co-operative Bank	*12½%	Trustee Savings Bank	12½%
Corinthian Securities	12½%	Twentieth Century Bk.	13½%
Credit Lyonnais	12½%	United Bank of Kuwait	12½%
Duncan Lawrie	12½%	Whiteaway Laidlaw	13 %
The Cyprus Popular Bk.	12½%	Williams & Glyn's	12½%
Eagil Trust	12½%	Yorkshire Bank	12½%
English Transcont.	12½%		
First Nat. Fin. Corp.	14 %		
First Nat. Secs. Ltd.	14 %		
■ Antony Gibbs	12½%		
Greyhound Guaranty	12½%		
Grindlays Bank	†12½%		
■ Guinness Mahon	12½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits [illegible], 1-month deposits [illegible].
† 7-day deposits on sums of £10,000 and under [illegible], up to £25,000 [illegible] and over £25,000 [illegible].
‡ Call deposits over £1,000 [illegible].
§ Demand deposits [illegible].

FARMING AND RAW MATERIALS

Danes seek aid for cod exports

By Hilary Barnes

COPENHAGEN, Dec. 5.

MR. SVEND JAKOBSEN, Fisheries Minister, has asked Mr. Finn Gundelach, EEC Fisheries Commissioner, to reintroduce export subsidies on frozen cod fillets sold to the U.S.

His reason is that the exporters have been badly hit by the decline in the value of the dollar this year. The EEC is still considering the request, officials said.

The Danish fish processing industry has a traditional market in the U.S. In 1977 export of frozen cod fillet blocks totalled about 20,000 tonnes with a value of about Kr 250m.

An export subsidy was introduced by the EEC in 1975 in similar circumstances of a declining dollar. The subsidy was gradually run down and finally expired in January of this year.

World wheat pact talks start again next week

BY OUR COMMODITIES STAFF

FRESH TALKS aimed at settling the differences between producer and consumer countries which are preventing progress on a new International Wheat Agreement have been called in Geneva next week.

Mr. Arthur Dunkel, who chaired last month's deadlocked meeting said yesterday that he planned to call together a small group of interested countries for informal discussions on December 12 and 13.

Mr. Dunkel said officials from developed and developing countries had been invited but he refused to give any further details.

The talks failed on November 24 because of wide differences over the size of grain reserve stocks and the trigger prices at which the stocks would be run down or built up. The financing of stocks held by developing countries is also yet to be resolved.

These are still the main points at issue among the 70 countries involved in the negotiations and particularly between the main protagonists: the U.S. and the European Community.

The U.S. which is the world's biggest exporter of wheat has been trying to shift some of the burden of maintaining stocks on to other producing countries.

When the conference last adjourned it authorised Mr. Dunkel to hold consultations with a view to convening a meeting of a 12-member interim committee of leading exporting and importing nations to try to overcome the divergences.

Observers in Geneva yesterday believed the informal meeting planned would probably bring together some eight or nine key participants including the U.S., Japan and the nine-nation EEC, Reuter reported.

The aim of the proposed new wheat pact would be to control prices and monitor supplies so that they do not fluctuate widely.

Also under negotiation is a parallel consultative agreement on coarse grains—barley, maize, oats an dsorghum—used mainly for animal feed, and a food aid convention to give developing countries wheat and other grains suitable for human consumption.

The informal consultations, if successful, could lead to a formal meeting of the interim committee, which would then have the task of recommending when to resume the full conference.

Stalemate in these talks has greatly disappointed delegates in the Multilateral Trade Negotiations who were looking to the wheat pact conference for a deal including agricultural concessions which might be used as negotiating tokens in the wider forum of the MTN industrial talks.

Unexpected drop in farm prices

By Our Commodities Staff

THE AVERAGE price of farmland in England fell this autumn for the first time since the spring of 1977.

The amount of land sold has also dropped sharply, according to the latest survey results from the Ministry of Agriculture and the Agricultural Mortgage Corporation.

In the three months ended October monitored sales of 12,600 hectares of vacant possession land realised an average £3,191 a hectare, compared with the 17,200 hectares sold in the three months ended September which averaged £3,275.

During the comparable part of last year 18,600 hectares were sold for an average £2,468 a hectare.

So far this year offerings of land for sale are 17 per cent lower than in 1977.

Asean rice stockpile plan

BANGKOK, Dec 4.

THE ASSOCIATION of South-east Asian Nations (Asean) has decided to set up a stockpile of 50,000 tonnes of rice for emergency use, the Thai commerce ministry said.

On its daily trade news, the Ministry said each member country of Asean would set up its own rice stockpile which would be about 10,000 tonnes in size depending on the country's budget. Thus in cases of emergency, Asean countries which cannot buy rice from their regular sources, can buy from the buffer stock. Reuter

BAUXITE OUTPUT RISES

JAMAICA's bauxite production in the first nine months of this year rose to 8.5m tonnes from 8.22m in the same 1977 period, a Jamaica Bauxite Institute spokesman said in Kingston.

Alumina exports in the same period rose to 1.53m tonnes from 1.38m year earlier.
Reuter

MEXICAN MINING CONFERENCE

Rich pickings from worked-out mines

BY WILLIAM CHISLETT, MEXICO CITY, DECEMBER 4

SMALL-SCALE mining is alive and well judging by the interest shown in the first-ever conference on the subject which ended this week at Queretaro outside Mexico City.

Another "gold rush" could be triggered off by the enthusiasm shown in new gold mining techniques which make it possible for anyone with a little capital to try his hand at making a fortune.

The conference organised by the United Nations Institute of Training and Research (UNITAR) in conjunction with the Mexican Government drew 200 geologists, mining engineers, geophysicists and other experts from 67 countries including China and Vietnam.

While the two papers on the "heap leaching" technique for extracting gold drew the most attention, particularly among the developing nations, pride of place should perhaps go to the Mexicans who announced during the conference that they were confident that soon they would be self-sufficient in potash as a result of a process whereby potash can be obtained from geothermal brines.

The potash discovery could have far-reaching implications for those countries, like Mexico, which cannot produce enough to feed themselves. Potash is a key fertiliser.

The Mexicans have a geothermal energy field—which produces 75,000 kilowatts for the town of Mexicali—at Cerro Prieto in the State of Baja California near the U.S. border. It is known that geothermal brines contain minerals and the Mexicans have a pilot scheme to produce potash.

The steam produced by the hot springs is fed into a turbine generator and then into ponds where, using solar energy, the brines are concentrated. Through established chemical processes the minerals are then separated from the rich brew in the ponds. Potash is the first mineral which is separated.

Mexico imports 90,000 tonnes of potash a year. Sr. Guillermo Salas, director of the country's Minerals Council, said that he expected the pilot scheme to produce definitive evidence early next year. If successful it would open the way for developments in the many other countries like Mexico which have geothermal brines.

With gold selling at around $200 an ounce the paper delivered by Mr. Robert Eveleth not surprisingly made many delegates' eyes glitter. Mr. Eveleth explained how the three-man Challenge Mining Company has succeeded in using cyanide heap leaching and portable milling equipment to rework the Eberle mine in Mongollon, New Mexico, for gold and silver.

Abondoned

The mine was abandoned more than 30 years ago and although never a bonanza producer some ore grading 20 ounces of silver a ton was encountered. The several hundred thousands tons of ore remaining today grade 4 to 6 ounces of silver a ton and less than 0.1 ounces of gold a ton and so make it too poor to press by conventional milling methods.

Challenge Mining was formed last year after the U.S. Bureau of Mines at Reno, Nevada, told the three participants in the company that the Eberle ore was amenable to heap leaching.

Heap leacing has been used for many years but what makes it attractive now is that the techniques need no longer be restricted to large mining operations. The "revolution" at least in respect of precious metal ores is due to two recent developments. Firstly plastic membranes are now available which can be used to make inexpensive, quickly installed impervious leach pads and secondly the use of granular activated carbon has been perfected for the recovery of gold and silver.

The use of carbon instead of the more traditional zinc precipitation process allows for the design of low-cost circuits with very flexible operating parameters. Such installations can be operated on a one-shift per day schedule and can be shut down temporarily. The equipment is also easy to operate.

The miner crushes the ore-bearing rock into fine particles, which are formed into piles on top of sturdy plastic or concrete pads. Cyanide solution is then poured over and as it trickles through the rock it strips out the gold which is funnelled off through channels cut into the surface of the pad.

The cyanide-gold liquid is then percolated through granulated activated charcoal which is washed in a heated water-alcohol solution that contains some sodium hydroxide. This is then poured into an electrolytic cell containing a steel wool cathode. When a current is applied the gold is attracted to the cathode. The bullion is recovered by firing the steel wool in a small furnace.

Mr. Eveleth assured delegates that the process was simple and could be carried out by two people. He said Challenge Mining expected in its first year of operation to produce 1,667 ounces of gold and 77,972 ounces of silver at a profit of $246,984. Nothing gigantic, but not to be sneezed at for a three-man concern.

The beauty of the scheme is that once one previously worked mine is finished—only former mines or easily-mined surface ore can be used to effect—all the gear is easily packed up into trucks ready for the next mine.

Wanted: sheep rustlers of Dartmoor

By Our Commodities Staff

A DARTMOOR farmer has offered a reward of £1,000 in a bid to bring to book rustlers who have made off with several hundred of his sheep.

Mr. Andrew Wotton of Great Stert, Cornwood, rounded up a flock of ewes on Penn Moor recently to discover it had shrunk from 253 to only 76 animals since July.

A check on a separate flock on nearby Stall Moor revealed that a further 100 ewe lambs had gone missing.

Mr. Wotton values the lost stock at £5,000.

He established his Penn Moor flock 13 years ago with 1,300 head. He is now left with only 76. Some losses can be attributed to the hard weather condition in the area but Mr. Wotton claims most of his lost sheep have been taken by thieves.

EEC review holds little for UK

BY CHRISTOPHER PARKES

BRITISH FARMERS can expect little from the Common Market farm price review next spring in spite of vaguely promising comments from Mr. John Silkin, Minister of Agriculture, at the Smithfield Show this week.

Many of the potential "benefits" have already been eroded.

The forecast comes from a report to be published shortly by the Aberdeen University School of Agriculture which says the proposed "freeze" on EEC farm prices will probably end up as an average increase of 1 per cent.

In the U.K. this should be bolstered by the effects of a 5 per cent devaluation of the green pound—the special exchange rate used for translating EEC farm prices in units of account into pounds sterling.

The adjustment would raise the official intervention prices for grains, dairy products and beef and help firm up the markets for most other products. An increase in intervention prices tends to raise market prices by about the same amount.

The devaluation would also cut the troublesome monetary compensatory amount (MCA) import subsidies on sensitive products like beef and bacon.

But, the report warns, such has been the erosion of sterling in the past 12 months that a devaluation of 5 per cent would still leave MCAs at the same level as in February this year.

Even more gloomily, it forecasts further weakening of the pound next year. Consequently, renewed increases in MCAs later in 1979 are "very likely."

More promising is the suggestion that the rapid rise in farmland prices—running at an annual rate of 30 to 35 per cent now—will stop next year.

Interest in land among "non-agricultural" buyers could slacken because of increasingly attractive investment prospects elsewhere, and farmers are expected generally to have less cash—borrowed and earned—available.

Banks have recently adopted a liberal lending policy towards farmers, but this could tighten if inflation, notably in wages, rises to around 12 per cent.

The authors expect lending limits to be imposed if this happens.

Farm wage negotiations are still going on, but there are other factors tending to push up labour costs. Competition among employers for skilled men and increased national insurance payments will increase the burden on the payroll.

In spite of sharp competition among the tractor manufacturers prices of most power units are forecast to rise 12 to 15 per cent during the year.

JAPAN BUYS USSR COTTON

TOKYO, Dec. 5.

JAPANESE trading houses bought an estimated 27,000 tonnes of raw cotton from a visiting Soviet textile mission for shipment in the first half of 1979, trade sources said.

The Soviet delegation ended its 10-day negotiations with the trading houses yesterday.

About 10,000 tonnes will be shipped in January-March at between $1,865 and $1,890 a tonne cif, with the balance shipped in the second quarter, at about $30 a tonne more.

Get tough, farmers told

FARMERS WERE advised last night to "get tough" and make their voices heard more forcibly in Government.

Sir James Goldsmith, addressing the Farmers' Club annual dinner, launched a blanket attack on Government and Labour policy towards farmers and their land.

Manipulation of the green pound, for example, meant British farmers had to sell their produce at 30 per cent less than Continental producers.

And Sir James accused the Government of sacrificing agriculture on the altar of short-term political expediency.

"Politically it is important to supply cheaper food for the voters in a pre-electoral period no matter what the longer-term damage to British agriculture and the longer term cost to the nation as a whole," he said.

"The Government must realise that the British farmer cannot plan his crops in line with the electoral cycle."

Calling for a drive towards self-sufficiency in food, he commented: "We can no longer rely on the surpluses of other nations . . . countries will only export food which is surplus

Warning of new zinc production build-up

BY JOHN EDWARDS, COMMODITIES EDITOR

ZINC PRODUCERS may be relaxing the production cutbacks introduced to reduce heavy surplus stocks according to London market sources reviewing the International Lead and Zinc Study Group meeting in Geneva last week.

It is noted that the Press communique warned that continuing caution in zinc production policies was needed to maintain the improvement in the market situation achieved for zinc during 1978.

Study group statistics are understood to show that zinc output, after falling sharply in the first half of this year, will suffer only a small decline in the second half. What is more production is forecast to rise next year to 4.7m tonnes against 4.3m tonnes this year. Mine production in the non-Communist world is expected to top 5m tonnes for the first time.

There are considerable doubts as to whether the production targets nominated by member countries of the study group can be reached, particularly as some producers are still operating at a loss.

Nevertheless production increases are being forecast across the board. Consumption prospects still look none too bright, with the U.S. in particular painting a gloomy picture for 1979 in predicting a hefty fall in demand next year.

Despite increased net exports to the Communist bloc, a surplus of 154,000 tonnes is forecast for next year, compared with a deficit of 203,000 tonnes this year.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Lost ground on the London Metal Exchange. Forward metal started at £785, fell away to £780 and then rose again to £788 before falling away again. There was little interest on the market although some arbitrage business was transacted as the dollar-sterling rate fluctuated. The close on the Kerb was £780. Turnover, 29,450 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	768.5-9	—3.5	765.5-6.5	—6.5
3 months	784-.5	—5	782-.5	—8
Settl'm'nt	769	—3.5	—	
Cathodes				
Cash	755.5-6	—4.75	752.5-3.5	—9
3 months	772.5-3	—6	770.5-1	—8.75
Settl'm'nt	756	—5	—	
U.S. Smt.	—		*72	

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £678, 68.5, 69; three months £782, 82.5, 83, 83.5, 84, 84.5, 85. Cathodes: Cash £755.5; three months £772.5. Kerb: Wirebars: Three months £784, 84.5, 84, 83.5, 83, 82.5. Afternoon: Wirebars: Three months £784, 83, 82.5, 82. Kerb: Wirebars: Three months £782, 81, 80.5, 80.

TIN—Sharply lower as forward metal started at £7,285-£7,295 following the drop

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7405-10	—217	7305-15	—185
3 months	7280-95	—192	7220-35	—172
Settlem't	7410	—220	—	
Standard				
Cash	7405-10	—217	7305-15	—185
3 months	7285-90	—192	7215-20	—170
Settlem't	7410	—220	—	
Straits, E.	‡$1895	—98	—	
New York	—		—	

in the East overnight. Hedge selling and heavy selling from one particular trade quarter depressed the market. In the afternoon, the price reacted to the rise in the pound and stops were uncovered at £7,200. The descent continued to a low of £7,140 and a close on the Kerb of £7,150 after a quite active day's trading. Turnover, 1,985 tonnes.

Morning: Standard: Cash £7,410 7,400. [illegible]

LEAD [illegible]

ZINC [illegible]

ALUMINIUM [illegible]

SILVER

[illegible]

COCOA

Cocoa prices were steady initially before closing weakly near the day's lows due to sustained Commission House and trade selling, reported Gill and Duffus.

[illegible]

COFFEE

[illegible]

GRAINS

LONDON FUTURES (GAFTA)—[illegible]

COTTON

COTTON—Spot and shipment sales in Liverpool [illegible]

rest nil (59.32, rest nil); Grain sorghum —76.14, rest nil (76.14, rest nil). Flour levies: Wheat or mixed wheat and rye flour—115.67 (118.67); Rye flour—128.81 (128.81).

RUBBER

STEADIER opening on the London physical market. Little interest at higher levels [illegible]

SOYABEAN MEAL

[illegible]

SUGAR

LONDON DAILY PRICE (raw sugar) [illegible]

WOOL FUTURES

LONDON—Dull and featureless, reported Bache.

[illegible]

360.0, 360.5, 361.1-360.0, 25; July 364.0, 364.5, 363.5-363.5, 2; Oct. 365.0, 365.5, 365.0-365.0, 1; Dec. 366.5, 367.0, 366.5-366.0, 3; March 369.0, 370.0, nil, nil; May 371.0, 371.5, nil, nil. Sales: 74.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller): Dec. 179.0-184.0, March 182.0-184.0, May 182.0-186.0, July 188.0-190.0, Oct. 190.0-193.0, Dec. 194.0-197.0, March 194.0-198.0, May 194.0-198.0. Sales: 1.

MEAT/VEGETABLES

SMITHFIELD—[illegible]

PRICE CHANGES

Price in tonnes unless otherwise stated.

	Dec. 5 1978	+ or —	Month ago
Metals			
Aluminium	£710	......	£710
Free market (cif)	$1,150/60	......	$1065 65
Copper cash W Bar	£766	—6.5	£763.75
3 months do. do.	£782.25	—8	£784.25
Cash Cathode	£753	—9	£750.75
3 months Do. do.	£770.75	—8.75	£771.25
Gold Troy oz.	$197.625	—1.75	$210.875
Lead cash	£427.75	—4.75	£436
3 months	£400.25	—5.25	£420.5
Nickel			
Free Market(cif)(lb)	$1.68	......	$1.75
	1.80	......	1.88
Platinum troy oz.	£156	......	£143
Free Market	£167.55	—2.20	£165.4
Quicksilver	$143/48	......	$122 27
Silver troy oz	301.95p	—4.95	292 55p
3 months	309 95p	—4.90	299 85p
Tin Cash	£7,310	—185	£7,925
3 months	£7,217.5	—170	£7,752.5
Tungsten (a)	$142.85	......	$141/55
Wolfram 22.04 cif	$138/45	......	$142/48
Zinc cash	£354.25	—4	£356.75
3 months	£346	—3.5	£368 75
Producers	$720	......	$720
Oils			
Coconut (Phil)	$865t	+5	$880
Groundnut			
Linseed Crude	£543w	+5	£551
Palm Malayan	$590x	—5	$617
Seeds			
Copra Philip	$565v	......	$500
Soyabean (U.S.)	$274.25	—5.75	$292
Grains			
Barley			
Home Futures	£86.50	—0.10	£82.4
Maize			
French No. 3 Am.	£106	......	‡
Wheat			
No. 1 Red Spring	£95.25t	—0.50	£95.5
No.2 HardWinter	£90w	......	£89.75
English Milling †	£94	......	£91.5
Cocoa shipment	£2,141.5	—21	£2,048
Future Mar.	£2,101.5	—21	£2,001.5
Coffee Future			
Mar.	£1,298	+18.5	£1,469.5
Cotton 'A' Index	80.25c	—0.5	79.4c
Rubber kilo	58.75p	......	55.75p
Sugar (Raw)	£100	......	£106
Wooltops 64s(kilo)	274p	......	272

* Nominal. † New crop. ‡ Unquoted. n Nov.-Jan. p Dec.-Jan. t Nov.-Dec. u Jan. w Dec. x Per ton. z Indicator prices.

INDICES

FINANCIAL TIMES

Dec. 4	Dec. 1	Month ago	Year ago
260.92	263.03	266.87	240.33

(Base: July 1, 1952=100)

REUTERS

Dec. 6	Dec. 4	Month ago	Year ago
1515.8	1519.8	1531.3	1496.1

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Dec. 4	Dec. 1	Month ago	Year ago
Spot	391.77	393.56	394.81	346.01
Futures	387.92	390.43	392.32	322.25

(Average 1924-25-26=100)

MOODY'S

Moody's	Dec. 4	Dec. 1	Month ago	Year ago
Sple Commty	988.1	983.4	893.5	859.5

(December 31, 1931=100)

★

GRIMSBY FISH—Supply poor, demand fair. Prices at ship's side (unprocessed) per stone: Shelf cod £5.00-£6.00, codlings £3.80-£4.60; large haddock £4.60-£5.30, medium £4.00-£4.60, small £3.60-£4.20; large plaice £5.70-£6.60, medium £5.30-£6.30, best small £4.50-£5.30; large skinned dogfish £5.30, medium £5.60; large lemon soles £9.00, medium £[illegible]; rockfish £1.70-£2.40; reds £4.00; saithe £[illegible].

US Markets

NEW YORK, Dec. 4.

Cocoa—Dec. 182.00 (178.80), March 181.70 (178.65), May 180.50, July 179.70, Sept. 176.00, Dec. 171.75, March nil. Sales: 716.

Coffee—"C" Contract: Dec. 136.50-137.50 (139.06), March 127.50 (129.98), May 123.50-123.75, July 121.50, Sept. 119.20-119.75, Dec. 118.20, March 116.00-117.50, May 113.00-116.50. Sales: 835.

Copper—Dec. 65.05 (66.70), Jan. 66.70 (67.35), Feb. 67.50, March 68.25, May 69.50, July 70.70, Sept. 71.80, Dec. 73.25, Jan. 73.75, March 74.65, May 75.55, July 76.45, Sept. 77.35.

Cotton—No. 2: Dec. 66.95 (67.90), March 70.42-70.50 (71.84), May 72.10-72.15, July 72.55-72.60, Oct. 67.50, Dec. 65.50, March 67.00-67.25, May 67.30 bid. Sales: 7,250.

*Gold—Dec. 196.60 (196.60), Jan. 198.20 (198.30), Feb. 199.90, April 203.50, June 207.20, Aug. 210.90, Oct. 214.60, Dec. 218.30, Feb. 222.00, April 225.70, June 229.40, Aug. 233.20, Oct. 237.10.

†Lard—Chicago loose 23.25 (23.00). NY prime steam not available.

‡Maize—Dec. 224½-224¾ (227), March 236½-236¾ (238½), May 245-244½, July 249½, Sept. 251½, Dec. 253½.

§Platinum—Jan. 326.50-327.70 (326.50), April 330.00-330.70 (329.30), July 332.20-332.50, Oct. 334.80-335.00, Jan. 337.50-337.70, April 340.00-340.20, July 342.50-342.70. Sales: 1,426.

¶Silver—Dec. 597.50 (593.80), Jan. 591.10 (597.50), Feb. 594.30, March 597.50, May 605.00, July 613.60, Sept. 622.20, Dec. 635.00, Jan. 640.60, March 650.00, May 659.50, July 669.10, Sept. 678.90. Handy and Harman bullion spot 595.30 (596.00).

Soyabeans—Jan. 664½-663 (676), March 677-679 (687½), May 685-686, July 690-691, Aug. 684, Sept. 662, Nov. 651-650, Jan. 657½ nom.

‖Soyabean Meal—Dec. 185.50-185.10 (185.30), Jan. 186.20-186.50 (157.40), March 186.30-186.10, May 185.50-185.00, July 185.50-185.00, Aug. 184.50-184.50, Sept. 183.50, Oct. 180.00, Dec. 179.50, Jan. 178.00-180.00.

Soyabean Oil—Dec. 24.35 (25.07), Jan. 24.35-24.40 (24.98), March 24.30-24.35, May 24.20, July 24.00-24.05, Aug. 23.90-23.95, Sept. 23.50, Oct. 23.40-23.50, Dec. 23.20-23.25, Jan. 23.20-23.25.

Sugar—No. 11: Jan. 7.55-7.80 (7.93), March 8.40-8.42 (8.41), May 8.65, July 8.90-8.91, Sept. 9.15, Oct. 9.27-9.30, Jan. 9.55-9.56, March 9.86, May unquoted.

Tin—665.00-679.00 nom. (675.00-685.00 nom.).

‖Wheat—SCWRS 13.5 per cent protein 369-367½ (374½), March 361-361½ (366½), May 345-343½, July 328, Sept. 329½-329¼, Dec. 339½-339.

WINNIPEG, Dec. 4. ††Rye—Dec. 94.00 bid (94.90), May 100.60 (102.10 asked), July 102.10, Oct. 99.00.

††Oats—Dec. 85.20 (85.30 bid), March 80.20 bid (80.90), May 79.00 asked, July 76.50 asked, Oct. 77.00.

††Barley—Dec. 74.70 bid (75.20 bid), March 75.60 (76.00 bid), May 75.50, July 75.80 bid, Oct. 75.00.

§§Flaxseed—Dec. 265.20 bid (267.50 bid), May 272.50 bid (275.00), July 271.00 bid, Oct. 271.90.

‖Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 187.46 (188.46).

All cents per pound ex-warehouse unless otherwise stated. * $s per troy ounce — 100-ounce lots. † Chicago loose $s per 100 lbs — Dept. of Ag. prices previous day. Prime steam fob NY bulk tank cars. ‡ Cents per 56-lb bushel ex-warehouse, 5,000-bushel lots. § $s per troy ounce for 50-oz units of 99.9 per cent purity delivered NY. ¶ Cents per troy ounces ex-warehouse. ‖ New "B" contract in $s a short ton for bulk lots of 100 short tons delivered fob cars Chicago, Toledo, St. Louis and Alton. ** Cents per 59-lb bushel in store. †† Cents per 24-lb bushel. ‡‡ Cents per 48-lb bushel ex-warehouse. §§ Cents per 56-lb bushel ex-warehouse, 1,000-bushel lots. ¶¶ C$ per tonne.

EEC aid for locust fight

BRUSSELS, Dec. 5.

THE EEC said it will contribute 1.3m European units of account to a project to deal with locusts ravaging East African agriculture.

The amount is about half the cost of a three to six month project of the United Nations Food and Agriculture Organisation (FAO).

STOCK EXCHANGE REPORT

Equity leaders barely stir until after-hours' trade EMS reports then cause index to fall 1.7 to 488.2

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Nov. 27	Dec. 7	Dec. 8	Dec. 19
Dec. 11	Dec. 28	Dec. 29	Jan. 9
Jan. 2	Jan. 11	Jan. 12	Jan. 23

* "New time" dealings may take place from 9.30 am two business days earlier.

A continuing lack of investment interest became apparent in subdued Stock Markets yesterday. Leading equities were so quiet and overall prices moved so narrowly that the range of the FT 30-share index up to and including the 3 pm calculation was limited to less than a point. Movements of any significance again usually embraced companies actually reporting trading news or about to do so in the next few days, while a modest number of situation stocks continued to attaract inquiries.

Wall Street's overnight reaction, although widely anticipated, caused a slight softening in many top-name industrials during the early dealings before the losses, which rarely exceeded a couple of pence, were eventually regained. The same conditions ruled in the bulk of secondary issues and small buying and selling orders were easily completed without altering the general price level.

After the official close of business, however, an agency report that Eire and Italy, along with the UK, would not be joining the European Monetary System made for caution, which immediately found reflection in leading equities. The extent of the fall was modest but measured by the 30-share index, finally 1.7 down at 488.2, it was still the major movement of the day.

Singling out the features arising from trading announcements, **Plessey's** first-half progress brought a rise of 4 to 112p, but the full-year profits of **RHM** were slightly disappointing and the price eased a penny to 52p. **GEC** due to report interim results on Thursday, moved up 4 more to 340p, but **Pilkington** lost that much to 304p awaiting today's midway statement.

Steady progress was made by Gilt-edged. Once again the emphasis was *on the untapped* shorts and quotations here moved *up by a maximum of ½, the rise* in Exchequer 9¾ per cent 1982, at 90¾. *Medium and longer-dated* stocks also advanced, but trade was *not enough to test the* respective taps.

Having traded quietly around 76 per cent for most of the day, the investment currency premium picked up in the late trade on reports that Ireland, Italy and the UK are not joining the projected European Monetary System; the premium then improved to close 3½ higher on balance at 79½ per cent. Yesterday's SE conversion factor was 0.7589 (0.7607).

The volume of business in Traded Options was again small and 353 contracts were completed compared with the previous day's 379.

Allied Irish down

Allied Irish relinquished 6 to 202p and **Bank of Ireland** 3 to 405p following late rumours that Ireland is not going to join the projected European Monetary System after all. Quietly firm conditions prevailed among the major clearers as **Lloyds**, 280p, and **NatWest**, 209p, both rose 4 further.

Awaiting further news of the bid approach, **Brentnall Beard** cheapened 2 to 42p among Insurance Brokers, but fresh speculative support helped **Stenhouse** improve 3 more to 108p.

Distellery issues were again to *the fore in* a quiet drinks sector. **Invergordon** rose 2 more for a two-day rise of 8 at 162p. **Irish Distillers** announced a near-50 per *cent profits increase* and closed 3 harder at 194p in the late trade. *On the other hand*, recent firm counters **Highland** and **Arthur Bell** eased 2, to 161p and 250p respectively.

Tarmac *put on 3½ to 153½p on* the progress made in reducing *the losses of its West German* roadstone operations. Elsewhere in *Buildings*, **International Timber** hardened a penny to 124p on the *higher interim profits* and the board's confident statement, while ***May and Hassell*** *edged* up 2 to 79p ahead of next Monday's mid-term results. In contrast, occasional small *offerings* left **Phoenix** ***Timber*** *3 easier* at 141p. **Benlox** eased ½ to 26½p: details of a pro*posed capital reconstruction made* little impact. Awaiting today's *interim results*, **Armitage Shanks** eased 1½ to 76½p.

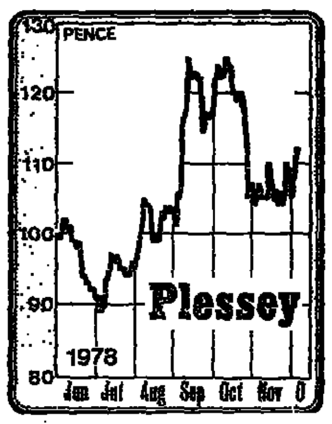
From an easier opening, *ICI* picked up to 380p, but on lack of follow-through support ended the session unchanged on balance at 378p. The *mid-term profits* downturn left **Carless Capel** 3 down at 29p.

MFI jump

Secondary issues provided the focal points in Stores yesterday. Speculative buying *fuelled by* revived bid suggestions helped **MFI** advance 9 *to a 1978 high of* 171p, while **J. Hepworth** put on 3 to 73p in response to Press comment. **Bremner** hardened a penny to 48p, after 49p, following further consideration of the interim results and improvements of 3 and 4 respectively were recorded in D-I-Y concerns, **Home Charm**, 218p, and **A. G. Stanley**, 164p. **NSS Newsagents**, however, softened a penny to 110p after the results and **Freemans**, at 365p, gave up 5 of the recent good rise. Comment on the October retail sales figures prompted a downward drift in the leaders which closed with losses ranging to 4. **Gussies A** ended that much lower at *308p; the interim results are* due tomorrow.

Apart from **EMI**, which came on offer and fell 6 to 152p, Electrical leaders maintained a firm trend. **Plessey**, up 4 at 112p, reflected satisfaction with the half-yearly statement, while **GEC**, also 4 higher at 340p, continued to attract buyers in front of tomorrow's interim figures. Scattered gains in secondary issues included *Electronic Machine*, 24p, and **Sound Difussion**, 51p, both up 3. *In contrast, Suter eased a penny* to 30p in the late dealings on *news of the proposed rights issue.*

The Engineering majors *flutcuated within extremely nar*row limits and final quotations were *little* altered on balance.



Elsewhere, further consideration of the *interim statement* prompted a rally of 6 to 219p in **Matthew Hall**. Satisfactory preliminary results left **Frederick Cooper** 3 to the good at 23p and **J. H. Dennis** 2 firmer at 45p, but **Swan Hunter** remained on offer following the company's reconstruction proposals and gave up 4 more to 149p. **Pegler Hattersley** firmed 4 to 160p awaiting tomorrow's interim results, while **Baker Perkins**, half-yearly figures also due on Thursday, hardened 2 to 124p. Scattered demand left **Victor Products** 4 to 120p and gains of a similar amount were marked against **Jones Shipman**, 152p, and **Martonair**, 212p. ***Birmingham Mint*** improved 2 to 128*p in response to the interim* results. Smaller-priced issues to make headway included **S. W. Wood**, 3 firmer at 46p, and **Saville Gordon**, a like amount dearer at 35p. *Averys*, a good market of late on the bid approach from GEC, encountered a little profit-taking and ran back 5 to 234p.

News intems enlivened the *Food sector which displayed* several notable movements. ***Robertson Foods*** *fell 7½ to 133½p*, recent takeover hopes dimmed by the company's £1.6m acquisition of Unican Foods from Pentland Industries, 2½ to the good at 25p, after 25½p. Annual profits towards the lower end of market estimates left **RHM** a penny cheaper at 52p. Elsewhere, revived interest and a lack of sellers lifted **Cartiers** 9 to a peak of 118p, but **J. Sainsbury** came on offer and shed 5 to 235p. **George Bassett** firmed 1½ to 113½p in response to the interim statement and, awaiting tomorrow's annual figures, **British Sugar** added 3 for a two-day rise of 6 to 149p.

Still buoyed by the board's forecast of substantially higher pre-tax profits, **Ladbroke** gained 3 for a two-day rise of 8 to 178p.

Hunting Asscd. up late

Interest in the Miscellaneous *Industrial sector* was *small and* generally directed at secondary *issues*. ***Hunting Associated*** became a late firm feature, rising 20 to 310p *in a thin market, in* response to the board's capital *proposals*. Speculative *buying* prompted a rise of 8 to 146p in *Syltone and demand ahead of* tomorrow's interim results left **Stonehill** 6 to the good at 121p. Comment in front of today's pre*liminary figures* helped **Hanson Trust** improve 3 to 135p while, after trading announcements, **Dundonian**, 50p, **Kelsey Industries**, 104p, and **Flexello Castors and Wheels**, 56p, all closed about a penny firmer. **Brook Street Bureau** gained 3 to 52p and **ICL** added 5 at 445p, while **Marling Industries** hardened 1½ to 40p. **Smith and Nephew** reflected slight disappointment with the results and closed 2 off at 69½p and profit-taking after the recent speculative spurt on bid hopes prompted a reaction of 4 to 152p in **Chubb**. After the recent good-rise, **Pilkington** cheapened 4 to 306p in front of today's interim results.

Lotus closed 3 down at 48p on disappointment with the lack of a dividend payment. **Peek** *eased a penny to a 1978 low of 7p ahead of today's results*. Sentiment in Distributors was quietly firm, and late buying lifted **Heron** 3 to 115p. In components, **Wilmot Breeden** eased 2 to 78p on profit-taking after recent firmness on the talks with Rochwell International.

Oils trade quietly

Recently good on takeover hopes, **Mills and Allen** ran into profit-taking in the absence of any bid news and touched 218p before rallying to close 5 down on balance at 227p. Elsewhere, **Bristol Evening Post** pleased with improved interim results and put on 3 to 135p. **News International** were also firm, rising 4 to 262p.

Leading Properties remained *largely untested in an uneventful* session, but **Bernard Sunley** firmed 4 to 236p. **Warner Estate** put on 5 to 150p in a thin market.

Oil shares passed a rather *uninteresting session. Leading* issues failed to hold initial small *improvements, with* **British Petroleum** closing unaltered at 942p, after 946p, *and* **Shell** *ending* a shade firmer at 587p, after 592p. ***Royal Dutch***, however, moved ahead in sympathy with a late advance in the dollar *premium* and closed ½ better at £40½. Among the more speculative issues, **Tricentrol** opened lower at 162p on the downgrading in this year's oil production figures for the Thistle Field, but rallied to 168p before settling at 166p, up a penny on balance.

Following the company's dis*closure of a possible* bid approach, meat traders **J. E. Sanger** met a revival of buying interest and touched 42p before closing 3 up on balance at 40p. **Paterson Zochonis** issues fell 10 apiece, the Ordinary to 180p, and the A to 175p, after further consideration of the chairman's profits warning.

Trusts took on a rather *uncertain appearance and the* majority of movements were *confined to a few pence either* way. Among Financials, **Akroyd** ***and Smithers*** *edged up 2 more to* 200p.

*Among the few scattered move*ments in a quiet Shipping sector, **P and O Deferred** were inclined easier at 83p, down a penny, but **J. Fisher** *found support* and put on 5 to 187p.

Business in Textiles remained slack, and only those reporting *trading statements attracted any* real interest. **Harold Ingram** rose 5 to 35p on the improved interim results coupled with an optimistic statement on the outlook. **Highams** added 2 to 54p following *the 50 per cent rise in first-half* profitability.

Active Australians

Australians were the only active stocks in generally sluggish *mining markets*. Prices remained steady in two-way trading after receiving a fillip from the performance of Sydney overnight before easing late throughout the list.

Among the diamond stocks, **North West Mining** were 4 easier at 26p, while **Haoma** lost 2 to 33p. In Uraniums, **Pancontinental** slipped 25 to 725p. **Peko-Wallsend** were 8 softer at 418p.

A lower trend was evident among Irish Canadians. **Westfield Minerals**, which recently enjoyed a strong rise, extended Monday's fall by a further 20 to 350p on light selling. **Anglo United** were 16 lower at 174p.

South African Golds were quiet. There was little stimulus from the bullion price which closed $1.75 lower at $197.625 an ounce. The securities rand was also lower and this exercised a depressing influence. But there was little selling pressure.

Among the heavier-priced issues, *Hartebeest were ½ lower at £10½*, **Randfontein** ½ easier at £26½ and *West Dries ¼ down at £13¾*.

Features were few in South African Financials. **Anglo American** drifted after early steadiness to finish 4 down at 288p, while **De Beers** lost 6 to 336p.

London Financials were steady for most of the day, in line with the UK *industrial market* but slipped in late trading to leave *falls of up to a couple of pence* with **Rio Tinto-Zinc**, at 238p, ***Charter***, *at 132p, and* ***Consolidated Gold Fields***, at 180p.

In Tins, the speculative rise of **Saint Piran** on Monday was checked and the shares finished 1 off at 83p.

FINANCIAL TIMES STOCK INDICES

—	Dec. 5	Dec. 4	Dec. 1	Nov. 30	Nov. 29	Nov. 28	Year ago
Government Secs.	68.86	68.72	68.66	68.50	68.55	68.55	[illegible]
Fixed Interest	70.08	70.01	69.97	69.98	69.98	69.94	71.87
Industrial	488.2	489.9	486.3	481.5	489.0	489.9	488.0
Gold Mines	125.0	124.7	124.8	124.3	124.1	125.3	148.4
Gold Mines (Ex-$ pm.)	94.6	94.9	94.0	93.3	93.1	93.8	105.4
Ord. Div. Yield	5.90	5.89	5.92	5.98	5.90	5.86	5.38
Earnings, Y'ld% (full)	15.49	15.45	15.53	15.71	15.49	15.44	16.81
P/E Ratio (net) (*)	8.34	8.36	8.31	8.22	8.34	8.36	8.85
Dealings marked	4,328	4,642	3,218	4,234	4,081	5,155	4,155
Equity turnover £m	—	60.62	57.39	62.89	65.35	64.45	77.61
Equity bargains total	—	15,106	12,487	13,552	16,033	16,587	12,995

10 am 489.0. 11 am 489.1. Noon 489.0. 1 pm 489.8. 2 pm 489.9. 3 pm 489.8.

Latest Index 01-236 8026.

*Nil=8.09.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ pm index started June 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (3/1)	67.92 (10/11)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	69.30 (13/11)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.6 (14/8)	124.1 (29/11)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm.)	132.3 (14/8)	90.3 (18/4)	337.1 (3/4/74)	54.3 (20/6/76)

S.E. ACTIVITY

	Dec. 5	Dec. 4
—Daily		
Gilt Edged	176.7	187.8
Industrials	143.3	157.5
Speculative	21.1	28.8
Totals	98.5	105.7
5-day Average		
Gilt-Edged	152.1	150.0
Industrials	139.9	147.4
Speculative	25.4	26.5
Totals	93.3	97.1

LONDON TRADED OPTIONS

Option	Ex'rcise price	January Closing offer	January Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	900	66	4	96	—	113	—	945p
BP	950	24	18	59	—	79	—	
Com. Union	140	14	3	18	—	24	—	152p
Cons Gold	160	25	5	32	—	36	—	181p
Cons Gold	180	9	4	16½	26	20	25	"
Cons Gold	200	2	—	7½	13	11	—	
Courtaulds	120	7½	1	13½	—	15	—	123p
Courtaulds	130	3	5	7½	—	9½	—	
GEC	280	64	—	72	5	—	—	339p
GEC	300	45	5	55	17	65	—	"
GEC	330	20	15	32	5	44	—	"
GEC	360	6	32	17	5	—	—	
Grand Met.	110	6½	2	10	—	14	—	112p
Grand Met.	120	2	4	5½	—	8	—	
ICI	330	56	10	59	3	—	—	377p
ICI	360	27	5	34	11	45	—	"
ICI	420	2	—	7½	1	16	—	
Land Secs.	220	28	10	36	—	40	—	244p
Land Secs.	240	10	15	21	—	27	—	
Marks & Sp.	60	28	7	30	—	—	—	87p
Shell	600	12	12	26	7	40	—	589p
Totals			157		93		25	
		February		May		August		
Boots	200	12	25	21	—	24	—	199p
EMI	140	22	32	26	—	29	—	153p
EMI	160	7½	10	14	11	19	—	"
Totals			67		11			

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (31)

BANKS (2)
Barclays · National & Comml.
BEERS (2)
Invergordon · Morland
STORES (2)
Cantors A · MFI Furniture
ELECTRICALS (1)
A B. Electronic
ENGINEERING (4)
Babcock & Wilcox · British Aluminium
Baker Perkins · Saville Gordon
FOODS (2)
Bibby (J.) · Cartiers
INDUSTRIALS (8)
Berisfords · Hay 'N'
Christies Intl. · Marling Inds.
Crean (J.) · Sangers
Dundonian · Stonehill
INSURANCE (1)
Hambro Life
MOTORS (1)
E.R.F.
PROPERTY (2)
Brixton Estate · Capital & Counties
SHIPPING (1)
Fisher (J.)
SHOES (1)
Stylo Shoes
TEXTILES (2)
Hicking Pentecost · Tern-Consulate
MINES (2)
Mincorp · Hampton Areas

NEW LOWS (10)

CANADIANS (1)
Massey-Ferguson
ENGINEERING (1)
Alcan Aluminium
INDUSTRIALS (1)
Petrocon
MOTORS (1)
Peak Invs.
SOUTH AFRICANS (1)
S.A. Breweries
MINES (5)
Randfontein · Pancontinental
F.S. Saaiplaas · Tara Exploration
Falcon

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	54	2	23
Corpns., Dom. and Foreign Bonds	17	1	43
Industrials	284	268	986
Financial and Prop.	112	51	309
Oils	5	8	24
Plantation	1	4	22
Mines	33	34	75
Recent Issues	6	5	16
Totals	512	373	1,509

APPOINTMENTS

Changes in BP Scottish office

BRITISH PETROLEUM'S director for public affairs, Scotland, **Mr. Robert Mennie**, has retired. He is succeeded by **Mr. John Riddell-Webster**, previously a deputy managing director BP OIL. Mr. Riddell-Webster will retain his responsibilities with BP Oil and will be based in the company's head office, Victoria Street, London, but will make regular visits to Scotland.

Mr. Anthony Willcocks has been appointed deputy director for public affairs, Scotland, resident in Edinburgh and operating from the company's office at North St. David Street. It is proposed that Mr. Willcocks will succeed Mr. Mennie as a member of the Boards of Scottish Oils, BP Oil refinery (Grangemouth) and Young's Paraffin Light and Mineral Oil Company.

★

On February 1, Mr. R. H. Walters will join the Board of MATTHEW CLARK AND SONS (HOLDINGS) and Matthew Clark and Sons, as the group's marketing director. He joined the trade in 1960 with Charles Kinloch and Company. He became a Master of Wine in 1966 and was appointed managing director of Saccone and Speed in January 1978.

★

Mr. G. F. Graham, chairman of UNILEVER'S overseas committee, having reached retirement age, has indicated that he does not wish to offer himself for re-election at the annual meetings of Unilever Limited and Unilever NV in May. Mr. Graham will by then have served for 31 years, of which eight will have been as a director of the parent Boards.

Mr. C. F. Sedcole, at present chairman of UAC International and a director of Unilever, will become chairman of the overseas committee. Mr. J. Louden will be appointed chairman of UAC International and will cease to be a member of the overseas committee.

★

JOHN GOVETT AND CO. announces that the Hon. D. W. Makins and Mr. A. S. Nicholson have been appointed to the Board.

Mr. T. W. Dodd and Mr. D. G. G. Milnes have been appointed to the Board of WARWICK ENGINEERING INVESTMENTS.

★

The NATIONAL COLD STORAGE FEDERATION announces that Mr. R. Acton of Hull Cold Stores has been elected president in succession to Mr. R. B. Weatherstone of Christian Salvesen (Managers).

Mr. J. E. Jewiss has been appointed a director of HARTLEY COOPER HOLDINGS.

★

Mr. Michael H. Lovett has been appointed director and manager of NATIONAL WESTMINSTER UNIT TRUST MANAGERS. Formerly deputy manager of the bank's West End trustee branch, he succeeds Mr. R. Anstiee who becomes manager of Cheapside Trustee branch.

★

From January 1, Mr. Francis Cator becomes vice-chairman of J. HENRY SCHRODER WAGG AND COMPANY. Mr. Hugh Ashton has been appointed to succeed Mr. Cator as head of the company finance division.

★

Mr. Philip Mitchell has been promoted to senior associate director of the BRITISH MARKET RESEARCH BUREAU.

★

MUIRHEAD announces that Sir Edward Fennessy has joined its board as a non-executive director. Sir Edward was, until his retirement in 1977, deputy chairman of the Post Office and managing director Telecommunications. Before joining the Post Office board in 1969 he had been managing director of the Plessey Electronics Group (1965-69) and of Decca Radar (1960-65).

★

Mr. Bruce J. J. Cadbury has been appointed to succeed Mr. A. M. Glenn as company secretary and chief accountant of JAMESONS CHOCOLATES. Mr. Cadbury previously was financial controller of the West Nally Group. Mr. Glenn will become group financial controller of E. HOWARD AND CO. (SMITHFIELD).

★

Mr. Timothy E. J. Massey is to head SGS FREIGHT SERVICES, a company set up by SGS Inspection Services, an associate of Société Générale de Surveillance, Geneva. The new company is simply a change of name for the SGS "in-house" freight forwarding capacity in general cargoes. Mr. Massey was formerly managing director of the ship-broking and ship agency company, Harrisons (London).

★

Mr. D. W. James and Mr. A. Neville Smith have been appointed directors of VICKERS DA COSTA, stockbrokers.

★

Mr. J. R. Johnstone has been elected a deputy chairman of the ASSOCIATION OF INVESTMENT TRUST COMPANIES on the retirement of Mr. G. A. Stout, who remains a member of the general committee. Lord Remnant remains chairman. Mr. Mark R. Cornwall-Jones and Mr. J. R. Storar continue as the other deputy chairmen.

★

Mr. Gary Trussler has joined the Board of GOUGH COOPER AND CO., as financial director. He previously held a similar post with KEY TERRAIN, a subsidiary of Reed International.

★

The HYDROGRAPHIC SOCIETY announces the appointment of Mr. George Edney as executive secretary. A former general manager of the Port of Bristol Authority and previously with the Port of London Authority, Mr. Edney was a part-time member of the Milford Haven Conservancy Board for a number of years. He joins the society on January 1.

★

Mr. D. Coates has been appointed a director of BEDFORD LODGE HOTEL, Newmarket. Previously he was a director of Inter Baricon Engineering Services (UK), and Gesco (UK). For many years Mr. Coates was an executive in the British and overseas construction equipment industry.

★

GEO. BASSETT HOLDINGS announces the appointment of Mr. John T. Fountain to the group Board. He will assume responsibility for all the group's subsidiary companies engaged in transportation, the manufacture of specialist foods, and those trading in the leisure industries. Mr. Fountain joins Bassett's from Cope Allman International where he was leisure division director.

★

Mr. Gareth Owen has been appointed treasury manager of ATLANTIC INTERNATIONAL BANK with effect from January 1.

★

Mr. G. O'Keefe, Mr. D. H. Lane and Mr. J. K. Rushton have been appointed executive directors of DOULTON GLASS INDUSTRIES.

★

The EUROPEAN SHOCK ABSORBER MANUFACTURERS' ASSOCIATION has elected Mr. David Arner as president and Mr. D. O'Ryan vice-president. Mr. John Wardle also now acts as the secretary as well as being the co-ordinator for the Association. Mr. Arner is the technical director of Amortisseurs de Carbon. Mr. O'Ryan is product manager—suspension and motor-cycle at Lucas Girling.

★

GEORGE WIMPEY AND CO. announces the resignations of Mr. R. H. Gane and Mr. D. R. W. Watts as non-executive directors of the company with effect from December 31. Mr. Gane, a director of the company since 1953, was chairman from June, 1973, until his retirement in February, 1976. Mr. Watts, a director since 1953, was a managing director when he retired from full-time duties in 1975.

★

Mr. R. J. Haxby, director (development and sales), at BRITISH RAIL PROPERTY BOARD, is to retire on December 30. He is succeeded by Mr. Gavin B. Simpson, at present director (estate management) at British Rail Property Board headquarters. This post goes to Mr. J. Peter Ambrose.

★

FIRST NATIONAL BANK, in St. Louis, U.S., whose London representative office will shortly achieve full branch status, has announced three senior appointments. Mr. T. Ellis Barnes III is assistant vice-president responsible for Middle East operations. Mr. W. Allen Gray is assistant vice-president and assistant manager for administration and operations. Mr. Stephen Maier is an international banking officer on the bank's foreign exchange and Euro deposit desk.

★

Mr J. P. Parkinson has been appointed divisional manager of the biscuit and confectionery machinery division of BAKER PERKINS.

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Dec. 5	Dec. 18	Mar. 8	Mar. 29
Dec. 19	Jan. 8	Mar. 22	Apr. 3
Jan. 9	Jan. 22	Apr. 5	Apr. 18

For rate indications see end of Share Information Service

Stocks *favoured for the call* included Cartiers, Lloyds and Scottish, Hongkong and Shanghai Banking, Newarthill, MFI, Birmid Qualcast, Dundonian, Courtaulds, Jardine Matheson, Avon Rubber, Burmah Oil, Vinten, Cons. Plants, British Benzol, Lonrho, Buffels, Marievale and Capital and Counties. Puts were reported in Lucas and Burton A, while *double options arranged included* Swire Pacific and U.U. Textiles.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
Barclays Bank	£1	13	372	+2	372	296
Beecham 'New'	Nil/pd.	13	35pm	+3	35pm	28pm
BP	£1	11	942	—	954	720
GEC	25p	11	340	+4	340	233
Shell Transport	25p	11	587	+1	602	484
ICI	£1	8	378	—	421	328
Lloyds Bank	£1	8	280	+4	297	242
NatWest	£1	8	209	+4	298	250
Burmah Oil	£1	7	74	−1	89	42
Grd. Metropolitan	50p	7	111	—	121	87
Marks & Spencer	25p	7	87	−1	94	67½
Midland Bank	£1	7	370	+2	390	330
Unilever	25p	7	556	+6	602	476
BATs Defd.	25p	6	255	—	304	227
Courtaulds	25p	6	122	—	131	109

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
42½	F.P.	24/11	48	45	Arnoliffe Hldgs.	44		b2.55	2.4	8.7	7.1
A$0.60	F.P.	—	72	[illegible]	Ashton Mining 50c	72		—	—	—	—
A$1.25	F.P.	—	[illegible]	100	Aust. Cementing A$1	100		—	—	—	—
29	F.P.	5/1	[illegible]	29	Kitchen Queen 10p	30	−1	b1.34	3.4	6.7	5.0

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+ or −
[illegible]	F.P.	—	99½	98½	Anglesey Variable 1983	99½	+¼
[illegible]	£10	26/1	12½	11½	Colne Valley Water 6¾% Red. Pf. 1983	12½	
[illegible]	F.P.	16/11	115	101	Empire House 10% Conv. '87-'90	114	+4
£100	Nil	—	4pm	2pm	Hawley-Goodall 12% Cnv. Cu. Ln. '86-'88	4pm	−1
[illegible]	F.P.	22/12	99p	98p	Newman Inds. 10¾% Acc. Pref.	98p	−1
[illegible]	F.P.	24/11	[illegible]	119	Prov. Laundries 12¾% Cnv. 86/88	151	−1
£47½	£10	25/1	9½	9	Rickmansworth & Uxbridge Water 7¾% '85	9½	
97	F.P.	5/1	99p	98p	Sericote 10% Pref.	98p	
[illegible]	£10	26/1	9½	9¼	West Kent Water 7% Pref. 1983	9½	

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date		1978 High	1978 Low	Stock	Closing Price p	+ or −
560	F.P.	8/12	12/1	56pm	50pm	Beecham	55pm	+3
17	Nil	15/12	26/1	3½pm	3pm	Boulton (Wm.)	3pm	
350	F.P.	5/12	21/12	414	386	Brown (J.)	392	+2
67	F.P.	29/11	5/1	77	73	Cooper-Neill	74½	−1½
105	Nil	15/12	12/1	4½pm	3pm	Clifford (Chas.)	3½pm	
95	Nil	15/12	12/1	16pm	14pm	Dixon (D.)	14pm	
85	Nil	17/11	8/12	111	105	Fothergill & Harvey	111	
130	Nil	6/12	12/1	16pm	15pm	Hoskins & Horton	16pm	
125	Nil	15/12	12/1	36pm	34pm	M.L. Holdings	36pm	
74	F.P.	22/12	6/12	6pm	3½pm	Newman Inds.	3½pm	
165	Nil	18/12	10/1	45pm	29pm	Stothert & Pitt	39pm	−6
62	Nil	18/12	15/1	12pm	9pm	Tern Consulate	15pm	+8
155	F.P.	8/11	8/12	196	161	Time Products	178	

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ✦ With warrants.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS
GROUPS & SUB-SECTIONS
Figures in parentheses show number of stocks per section

		Tues., Dec. 5, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Mon., Dec. 4 Index No.	Fri., Dec. 1 Index No.	Thurs., Nov. 30 Index No.	Wed., Nov. 29 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	239.56	+0.3	16.41	5.28	8.34	238.81	236.66	234.31	236.88	202.73
2	Building Materials (27)	207.70	−0.2	17.36	5.50	7.97	208.19	204.24	201.55	202.81	186.11
3	Contracting, Construction (28)	379.08	+0.2	19.67	4.28	7.30	378.18	373.82	372.85	374.24	325.07
4	Electricals (15)	565.53	+1.3	12.90	3.27	10.60	558.21	551.61	543.21	547.69	433.23
5	Engineering Contractors (14)	371.73	−0.1	17.46	5.98	7.79	372.06	371.55	372.59	374.93	287.74
6	Mechanical Engineering (72)	185.95	−0.2	18.05	6.01	7.38	186.30	185.57	183.28	185.20	159.92
8	Metals and Metal Forming (16)	164.62	+0.2	16.60	8.68	8.37	164.33	164.16	164.36	165.11	156.25
	CONSUMER GOODS										
11	(DURABLE) (53)	209.47	+0.1	16.61	5.11	8.03	209.27	207.38	206.27	208.20	193.69
12	Lt. Electronics, Radio, TV (16)	261.84	+0.3	13.88	3.92	10.10	261.07	257.68	256.25	258.64	233.53
13	Household Goods (12)	171.49	—	17.61	6.64	7.79	171.49	171.61	172.48	174.63	180.26
14	Motors and Distributors (25)	122.83	−0.2	21.12	6.85	5.94	123.11	122.57	121.68	122.73	117.27
	CONSUMER GOODS										
21	(NON-DURABLE) (171)	211.49	−0.3	15.83	5.92	8.51	212.05	209.64	208.54	210.61	199.86
22	Breweries (14)	229.90	+0.3	14.76	6.21	9.43	229.19	227.35	226.33	227.44	235.76
23	Wines and Spirits (6)	288.31	−0.1	15.27	4.99	9.61	288.66	286.34	280.76	286.92	244.70
24	Entertainment, Catering (17)	267.52	−0.2	13.86	6.58	10.53	268.05	265.58	264.02	265.19	249.80
25	Food Manufacturing (19)	208.60	+0.4	18.26	5.35	7.30	207.74	206.14	205.38	206.34	196.51
26	Food Retailing (15)	226.69	+0.1	13.76	5.22	10.16	226.40	225.18	223.19	225.23	204.53
32	Newspapers, Publishing (12)	370.99	+0.4	21.68	6.54	6.51	369.56	370.48	368.22	370.15	329.85
33	Packaging and Paper (15)	135.63	−0.2	19.58	7.64	6.66	135.94	134.47	135.13	136.21	125.56
34	Stores (40)	197.58	−0.8	11.66	4.71	12.33	199.00	195.85	194.66	197.42	191.81
35	Textiles (24)	181.75	+0.2	17.59	8.02	7.36	181.45	179.66	178.29	179.89	169.83
36	Tobaccos (3)	238.28	−1.2	23.28	7.88	5.08	241.25	239.27	236.69	239.76	220.53
37	Toys and Games (6)	95.62	−0.6	23.08	6.76	5.11	96.15	96.15	96.14	95.79	101.46
41	OTHER GROUPS (99)	199.25	—	15.62	6.20	8.22	199.16	197.45	196.30	198.30	190.79
42	Chemicals (19)	283.68	+0.1	16.13	6.66	8.06	283.39	279.86	278.58	281.66	260.25
43	Pharmaceutical Products (7)	245.86	−0.3	11.29	4.73	10.73	246.56	245.53	243.74	245.82	0.00
44	Office Equipment (6)	134.99	+0.9	18.90	5.65	6.62	133.85	132.96	131.20	132.06	121.22
45	Shipping (10)	414.90	−0.4	14.58	7.33	8.70	416.50	410.99	405.92	408.95	462.01
46	Miscellaneous (57)	215.40	+0.1	17.51	6.55	7.57	215.18	213.67	212.95	215.42	198.77
49	INDUSTRIAL GROUP (495)	222.15	—	15.98	5.76	8.36	222.18	219.98	218.53	220.57	204.69
51	Oils (5)	526.46	+0.1	13.27	3.82	8.18	526.03	526.28	519.62	523.84	484.99
59	500 SHARE INDEX	247.34	—	15.56	5.46	8.33	247.33	245.28	243.43	245.66	227.86
61	FINANCIAL GROUP (100)	171.70	+0.5	—	5.69	—	170.90	168.92	167.07	168.72	166.93
62	Banks (6)	202.42	+1.0	23.06	5.79	6.51	200.43	198.24	193.59	195.92	193.82
63	Discount Houses (10)	215.26	—	—	8.17	—	215.26	215.02	216.71	213.35	205.10
64	Hire Purchase (5)	149.07	+0.4	16.34	5.53	8.08	148.44	146.71	147.63	146.10	161.41
65	Insurance (Life) (10)	141.10	+0.9	—	6.66	—	139.83	137.55	136.73	138.07	134.01
66	Insurance (Composite) (7)	127.52	+0.1	—	6.88	—	127.40	124.96	123.78	125.96	138.72
67	Insurance Brokers (10)	327.34	+0.3	14.59	5.11	9.78	326.32	324.67	322.38	323.05	336.98
68	Merchant Banks (14)	77.60	+0.1	—	6.32	—	77.53	77.44	77.41	77.27	83.46
69	Property (31)	261.74	+0.1	3.56	2.90	46.78	261.60	259.97	258.90	261.09	226.78
70	Miscellaneous (7)	110.44	+0.6	22.91	7.51	5.65	109.79	108.96	108.17	108.15	107.26
71	Investment Trusts (50)	209.25	+0.2	—	5.08	—	208.77	207.52	206.82	208.46	207.83
81	Mining Finance (4)	103.72	−0.8	18.12	6.87	6.80	104.60	103.95	102.62	103.15	88.36
91	Overseas Traders (19)	298.72	−0.2	16.52	7.88	7.59	299.35	295.83	295.82	297.51	279.56
99	ALL-SHARE INDEX (673)	226.47	+0.1	—	5.56	—	226.32	224.33	222.56	224.58	210.72

FIXED INTEREST PRICE INDICES

	British Government	Tues., Dec. 5	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	103.45	+0.10	—	8.58
2	5-15 years	112.27	+0.27	—	9.21
3	Over 15 years	117.31	+0.28	—	12.55
4	Irredeemables	122.80	—	—	13.54
5	All stocks	110.44	+0.21	—	10.28

FIXED INTEREST YIELDS
Br. Govt. Av. Gross Red.

			Tues., Dec. 5	Mon., Dec. 4	Year ago (approx.)
1	Low Coupons	5 years	9.55	9.57	7.35
2		15 years	11.40	11.45	9.82
3		25 years	12.10	12.15	10.35
4	Medium Coupons	5 years	12.48	12.55	9.80
5		15 years	12.63	12.67	10.75
6		25 years	12.63	12.67	10.94
7	High Coupons	5 years	12.53	12.56	10.15
8		15 years	13.19	13.23	11.37
9		25 years	13.22	13.25	11.37
10	Irredeemables		12.00	12.00	10.50

		Tuesday, Dec. 5 Index No.	Tuesday, Dec. 5 Yield %	Monday Dec. 4	Fri. Dec. 1	Thurs. Nov. 30	Wed. Nov. 29	Tues. Nov. 28	Mon. Nov. 27	Fri. Nov. 24	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	56.21	†13.43	56.19	56.16	56.16	56.20	56.20	56.16	55.32	61.07
16	Investment Trust Prefs. (15)	51.16	13.63	51.16	51.16	51.16	51.16	51.16	51.26	52.61	56.20
17	Coml. and Indl. Prefs. (20)	71.86	13.04	71.86	71.83	71.83	71.79	71.79	71.49	71.49	79.67

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

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AUTHORISED UNIT TRUSTS

Emson & Dudley Tst. Mngmnt. Ltd.
20, Arlington St., S.W.1. 01-499 7551

Emson Dudley Tst.	68.0	73.1	.....	6.00

For Equitas Securities Ltd. see Abbey Unit Trust Mngrs.

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	67.7	71.2	+0.3	4.35

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	22.0	23.6	.....	2.66
Accum. Units	26.0	28.0	.....	2.66
J. Finlay Income	29.7	31.6	.....	8.36
J. Finlay Euro.Fin.	26.1	28.0	.....	2.78
Accum. Units	30.9	33.2	.....	2.78
J. Finlay Fd.In.Tst.	27.4	29.4	.....	4.24
Accum. Units	31.9	34.2	.....	4.24

Prices Nov. 29. Next dealing Dec. 6.

Midland Bank Group Unit Trust Managers Ltd.♥ (a)
Courtwood House, Silver Street, Head, Sheffield, S1 3RD. Tel: 0742 79842

Commodity & Gen.	63.6	69.4	+0.2	5.61
Do. Accum.	76.8	81.6	+0.2	5.61
Growth	35.5	38.2	+0.1	3.37
Do. Accum.	38.5	41.4	+0.1	3.37
Capital	25.7	27.7		4.07
Do. Accum.	28.2	30.3	+0.1	4.07
Income	52.2	56.2	.....	6.76
Do. Accum.	61.0	65.6		6.76
International	41.0	44.3	+0.2	3.45
Do. Accum.	44.1	47.6	+0.3	3.44
High Yield	63.0	67.8	+0.1	8.32
Do. Accum.	68.8	74.0	+0.1	8.32
Equity Exempt*	105.2	111.0	.....	5.69
Do. Accum.*	105.2	111.0	.....	5.69
Japan & Pacific	47.3	50.3	+1.6	0.99
Do. Accum.	47.3	50.3	+1.6	0.99

*Prices at Nov. 7. Next dealing Dec. 8.

CORAL INDEX: Close 488-493

INSURANCE BASE RATES

†Property Growth	11¾%
†Vanbrugh Guaranteed	10.75%

†Address shown under Insurance and Property Bond Table.

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

3, Charing Cross, St. Helier, Jsy.C.I. 0534 73741

CMF Ltd. Nov. 30	$US13.56	13.90	.....	—
CMT Ltd. Nov. 30	£13.67	14.02	.....	—
Metals Tst. Nov. 16	£12.73	13.04	.....	—
TMT Nov. 9	$US9.96	10.21	.....	—
TMT Ltd. Nov. 9	£9.87	10.13	.....	—

World Wide Growth Management♦
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$US14.72	+0.03	—

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong.

Jardine Estn. Tst.	HK$378.56	.....	1.99
Jardine J'pn.Fd.*	HK$410.21	.....	0.80
Jardine S.E.A.	$US17.37	.....	2.00
Jardine Flem. Int.	HK$11.73	.....	—
Intl.Pac.Secs.(Inc.)	HK$14.19	.....	—
Do. (Accum.)	HK$14.33	.....	—

NAV Nov. 14. *Equivalent $US85.55 Next sub. Nov. 30.

NOTES

Prices do not include $ premium except where indicated ♦ and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. § Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1978 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
105½	99	Treasury 11½pc '79‡‡	99½		11.51	11.61
97	94¾	Treasury 3pc '79‡‡	95¼		3.15	9.40
97	95½	Electric 4¼pc '74-79	96¼		4.42	9.14
104¼	98½	Treasury 10½pc '79‡‡	99		10.57	11.27
96½	94¾	Electric 3½pc '76-79	96	+¼	3.64	7.84
103½	96¾	Treasury 9pc 1980‡‡	97		9.27	11.53
102½	96½	Treasury 9½pc '80‡‡	97		9.76	11.54
95½	92	Treasury 3½pc '77-80	94xd		3.69	7.12
96½	93¼	Funding 5¼pc '78-80‡‡	95xd		5.48	8.29
110¼	100	Exchequer 13pc 1980‡‡	101		12.78	12.00
106¼	97	Treasury 11½pc 1981‡‡	98		11.64	12.10
91½	88¼	Treasury 3½pc 1979-81	88		3.94	9.14
101¼	94	Treasury 9¾pc 1981‡‡	95½	+¼	10.21	12.00
97	91	Exch. 8¼pc 1981	92½xd	+¼	8.92	11.79
100¼	92¾	Exch. 9½pc 1981	93⅞	+¼	10.12	12.23
87½	85½	Exch. 3pc 1981	85½		3.51	9.13
97	95	Treas. Variable '81§§	96⅞		12.48	13.47
111	100	Exch. 12¾pc 1981‡‡	101¼	+¼	12.59	12.23
99½	89¼	Treas. 8½pc '80-82‡‡	91¼	+¼	9.32	11.99
85½	82¾	Treasury 3pc '82‡‡	83¾		3.58	8.95
115	103	Treasury 14pc '82‡‡	104	+⅛	13.39	12.25
96½	94	Treas. Variable '82§§	95xd		10.12	13.88
96½	87¼	Treasury 8¼pc '82	88xd	+⅛	9.28	12.19
100½	89	Exch. 9¼pc 1982	90½	+⅛	10.22	12.45
96½	87½	Exch. 8¾pc 1983	88xd	+⅛	9.87	12.40
85¼	79¾	Exch. 3pc '83	80½	–⅛	3.74	8.65
114¼	97½	Treasury 12pc 1983‡‡	98	+⅛	12.17	12.41
100½	87½	Treasury 9¼pc '83	88	+⅛	10.44	12.55
		Five to Fifteen Years				
95	88	Exch. 10pc 1983	90xd	+¼	11.08	12.68
89	80¼	Funding 5½pc '82-84‡‡	82	+¼	6.84	10.53
97	97	Exch. 12¼pc 1985●	97		12.65	12.93
96	83	Treasury 8½pc '84-86‡‡	84xd	+¼	10.02	11.58
87	75½	Funding 6½pc '85-87‡‡	76½	+¼	8.57	10.97
89	79	Treasury 7¾pc '85-88‡‡	80	+¼	9.93	11.71
68	60½	Transport 3pc '78-88	61xd	+¼	4.84	9.02
75	63	Treasury 5pc '86-89	65	+¼	7.78	10.61
115¼	101	Treasury 13pc 1990‡‡	105½	+¼	12.95	12.92
89	76	Treasury 8¼pc '87-90‡‡	77¼xd	+¼	10.65	11.90
106½	91½	Treasury 11¾pc 1991	91¾xd	+¼	12.65	12.95
75	63¼	Funding 5¾pc '87-91‡‡	64½	+¼	9.05	11.30
112½	98½	Treasury 12¾pc '92‡‡	102⅝	+¼	13.03	13.08
96	84	Treasury 10pc 1992	85½	+⅛	12.13	12.77
[illegible]	[illegible]	Exch. 12¼pc '92	98½	+¼	12.94	13.08

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

1978 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
112	97¼	Do. 12½pc 1983	[illegible]	[illegible]	[illegible]	[illegible]
97¾	88¼	Glasgow 9¼pc '80-82	90½	+¼	10.23	12.36
94	90¼	Herts. 5½pc '78-80	92	+¼	5.70	11.34
102½	88¼	Liverpool 9¾pc '80-84	89		11.02	12.74
29¼	25½	Do. 3½pc Irred.	26¼xd	+¼	13.42	—
99½	86¾	Lon. Corp 9¼pc '84-85	87½		10.77	12.36
97¼	94½	L.C.C. 6pc '76-79	96⅛		6.25	11.86
92½	84½	Do. 5½pc '77-81	86½	+¼	6.36	11.28
87½	76½	Do. 5½pc '82-84	78¾		7.18	11.22
71½	65¾	Do. 5½pc '85-87	67¼xd		8.17	11.64
78	65	Do. 6¾pc '88-90	66¼	+¼	10.63	12.89
26½	22½	Do. 3pc '20 Aft.	22¾xd		13.42	—
93¾	91	Middx. 5¼pc 1980	92¼	+¼	5.69	11.91
99½	93½	Newcastle 9¼pc '78-80	95	+¼	9.74	12.45
106¾	99	Warwick 12½% 1980	100¼	–¼	12.47	12.29

COMMONWEALTH & AFRICAN LOANS

1978 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
95½	92½	Aust. 5½pc '77-80	93¼xd	+⅛	5.87	12.68
88¼	81½	Do. 5½pc '81-82	81⅞		6.78	12.61
96½	92	N.Z. 6pc '76-80	94⅝	+⅛	6.45	12.25
87¾	76¼	Do. 7½pc '83-86	76⅞xd		9.68	12.15
95½	89	Sth. Africa 9½pc '79-81	89½		10.72	14.40
70	50	Sth. Rhod. 2½pc '65-70	55		—	—
96	75	Do. 6pc '78-81	90	–1	—	—

LOANS

Public Board and Ind.

1978 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
64½	58½	Agric. Mt. 5pc '59-89	59¼		8.68	12.26
90½	80	Alcan 10½pc '89-94	80xd		13.13	13.55
33¼	26¾	Met. Wtr. 3pc 'B'	27½		11.24	12.97
154	107	U.S.M.C. 9pc 1982	120xd	+2	7.50	—
95½	87	Do. without Warrants	88xd		10.23	13.20

Financial

1978 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
107¼	99¼	FFI 13pc 1981	100½	+½	12.94	12.66
110	101½	Do. 14pc '79	102½		13.95	13.10
114½	100	Do. 14pc '83	101½xd		13.75	13.48
85	79½	ICFC 5½pc Deb. '80-82	80¾	+¼	6.94	12.30
81½	72	Do. 6¼pc Db. '81-84	73xd		8.56	12.80
99	89½	Do. 10½pc Uns.Ln. '86	93		11.83	12.80
99¼	90½	Do. 11pc Uns.Ln. '88	93	+½	12.48	13.20
101½	90½	Do. 11¾pc Uns.Ln. '90	95½		12.95	13.32
71½	61	Do. 7¼pc ADeb. '89-92	61¼xd		11.84	13.50
71½	61	Do. 7¼pc A Db. '91-94	62½		11.95	13.30
84½	72	Do. 9pc 'A' '91-94	73		12.71	13.50
81¼	68	Do. 8pc Ln. '92-97	70½		13.13	13.40

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
24	17	Antofagasta Rly.	23½		—	—
41	33	Do. 5pc Pref.	39xd		—	13.10
98	98	Chilean Mixed	98		—	—
415	350	German Yng. 4½pc	411		4½	—
54	46	Greek 7pc Ass.	50		3½	17.20
51	46	Do. 6pc '28 Stab. Ass.	49		6	16.24
44	40	Do. 4pc Mixed Ass.	40		4	15.13

BONDS & RAILS—Cont.

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 32¼% (based on US$1.9515 per £)
Conversion factor 0.7569 (0.7607)

CANADIANS

1978 High	Low	Stock	Price	+ or –	Div. Gross	C'vr	Yld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10⅜	605p	Massey Ferg. II	605p	–15	—	—	—
36⅞	20¼	Pacific Pet. $1	34⅛	–¼	$1.14	—	1.5
154p	50p	Place Gas $1	112p	–7	—	—	—
25¼	15	Rio Algom	19		$1.50	—	2.7
24⅜	14½	Royal Bk. Can. $2	21⅝xd	–¼	$1.80	—	3.8
20⅝	13⅛	Seagram Co. C$1	18⅞xd	–⅛	$1.12	—	3.3
14⅜	955p	Tor. Dom. Bk. $1	12⅝		96c	—	3.5
12½	880p	Trans Can. Pipe	10¼	–¼	103c	—	4.8

S.E. List Premium 32⅛% (based on $2.2873 per £)

BANKS AND HIRE PURCHASE

1978 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Yld Gr's	P/E
348	184	ANZ $A1	300	–5	Q20c	ϕ	4.2	ϕ
293	210	Alexanders D. £1	250		14.55	—	8.7	—
£136½	£90½	Algemene Fl.100	£119	–1	[illegible]	2.5	4.9	8.4
335	269	Allen Harvey £1	335		[illegible]	—	8.7	—
239	150	Allied Irish	202	–6	H8.0	—	5.5	—
174	140	Arbuthnot L. £1	143xd		10.23	—	10.7	—
465	315	Bk. Ireland £1	405	–3	[illegible]	—	5.4	—
£202	£137	Do. 10pc Conv.	£183		Q10%	—	15.6	—
17½	11½	Bk. Leumi I£1	12		Q16%	—	4.0	—
170	150	Bk. Leumi (UK) £1	160		7.47	1.5	7.0	14.3
702	380	Bk. N.S.W. $A2	495	–5	Q32c	ϕ	3.8	ϕ
315	255	Bank Scotland £1	293		†11.05	3.5	5.6	7.5
£32¼	£21¾	Bankers N.Y. $10	£22¼	–¼	Q$3.00	—	6.7	—
372	296	Barclays £1	372	+2	13.29	5.7	5.3	5.6
268	200	Brown Shipley £1	235xd		†9.41	—	6.0	—
285	232	Cater Ryder £1	260		[illegible]	—	9.9	—
84	67	Clive Dis'nt 20p	77		†4.85	—	9.4	—
255	171	Com'l Aus. ($A1)	183	–3	Q16c	2.9	5.4	6.5
£19	£12¾	Com'zbk DM10	£15⅞	–⅛	[illegible]	—	4.3	—
£20	£15	C'hgn. Hbk. Kr100	£16¾		Q12%	—	6.9	—
32	18	Corinthian 10p	31		†0.71	7.3	3.4	5.3
£24	£13¾	Cred. France F75	£19⅜		Q9.27%	—	3.3	—
46	7	Dawes (G.R.)	15		—	—	—	—
£271	£89	Deutsche Bank DM50	£109		Q18%	—	2.2	—
83½	58	F.C. Finance	70		†2.03	2.6	4.3	13.4
8¼	1¼	First Nat. 10p	5¼		—	—	—	—
2	½	Do. Wrrts. 75-83	2		—	—	—	—
13	9½	Fraser Ans. 10p	12¼		—	—	—	—
196	157	Gerrard Natnl.	190		9.91	—	7.2	—
59	37	Gibbs (A.)	49	+2	2.23	—	6.8	—
255	195	Gillett Bros. £1	227		15.41	—	10.1	—
29	19	Goode D't Mry 5p	19		0.15	—	1.0	—
142	96	Grindlays	129	+2	2.79	7.2	3.2	4.6
130	93	Guinness Peat	116		5.15	—	6.6	—
217	155	Hambros	163xd		†9.76	—	9.9	—
100	81	Hill Samuel	87		†4.97	—	8.5	—
600	187	Do. Warrants	200		—	—	—	—
360	203	Hong Shng $2.50	252	–3	Q59c	—	2.7	—
69	52	Jessel Toynbee	62		3.52	—	8.0	—
215	150	Joseph (Leo) £1	155xd		8.74	—	8.4	—
55	37	Keyser Ullmann	48		6.67	—	2.1	—
74	56	King & Shax 20p	65		3.44	—	8.0	—
113	88	Kleinwort B.L.	92		†4.18	—	6.8	—
297	242	Lloyds £1	280	+4	†19.23	4.8	4.9	6.5

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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MINES—Continued

AUSTRALIAN

1978 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
15	9	Acmex 25c	10	......	—	—	—
140	64	Bougainville 50 Toea	116	......	†Q5c	1.4	4.3
131	63	BH South 50c	106	−1	—	—	—
820	150	Central Pacific	400	......	—	—	—
336	148	Conzinc Riotinto 50c	270	−2	‡Q10c	2.2	‡
27	9½	Endeavour 20c	16	......	—	—	—
75	45	G.M. Kalgoorlie $1	48	......	—	—	—
68	18	Haoma Gold N.L.	33	−2	—	—	—
152	81	Hamptn Areas 5p	150	......	ϕ3.55	2.0	3.5
40	10	Metals Ex. 50c	27	−½	—	—	—
223	125	M.I.M. Hldgs. 50c	185	−2	Q9c	1.7	3.0
22	10	Minefields Expl.	15	......	—	—	—
40	10	Mount Lyell 25c	26	−4	—	—	—
7	1¼	Newmetal 10c	4½	......	—	—	—
143	79	North B. Hill 50c	100	......	Q8c	1.3	4.9
16½	8½	Nth. Kalgurli	11½	......	—	—	—
50	12	Nth. West Mining	26	−4	—	—	—
178	115	Oakbridge $A1	119	+4	Q12c	1.9	12.1
42	10	††Otter N.L.	24	......	—	—	—
70	30	Pacific Copper	55	+1	—	—	—
£15½	725	Pancont'l 25c	725	−25	—	—	—
40	12	Paringa M&Ex. 5p	17½	−1	—	—	—
570	310	Peko-Wallsend 50c	418	−8	Q15c	ϕ	2.2
300	50	Southern Pacific	160	......	—	—	—
164	84	Westn. Mining 50c	120	−2	Q3c	0.7	1.5
100	35	Whim Creek 20c	65	+5	—	—	—

TINS

1978 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	24	......	2.81	1.3	17.4
420	240	Ayer Hitam $M1	310	......	Q300c	0.5	20.8
60	45	Beralt Tin	55	......	4.0	4.4	11.4
305	190	Berjuntai $M1	210	......	Q110c	1.0	11.3
185	111	Geevor	165	......	5.04	5.8	4.6
11	8½	Gold & Base 12½p	10	......	—	—	—
350	220	Gopeng Cons.	300	......	†15.36	0.9	7.6
310	130	Hongkong	310	......	12.5	ϕ	6.0
93	78	Idris 10p	73	......	‡12.0	1.6	‡
11	7	Jantar 12½p	9½	+¼	—	—	—
84	64	Kamunting $M0.50	64	......	Q12½c	2.1	4.2
640	450	Killinghall	640	......	Q12.36	ϕ	22.9
470	280	Malay Dredging $M1	370xd	......	Q175c	ϕ	10.2
78	40	♦Pahang	43	......	Q0.62c	0.7	87.5
78	50	Pengkalen 10p	65	......	6.50	1.3	15.2
270	165	Petaling $M1	220	......	Q120c	ϕ	12.4
87	49	Saint Piran	83	−1	2.03	6.5	3.6
70	47	South Crofty 10p	64	......	4.19	2.0	9.8
245	140	South Kinta $M0.50	165	......	sQ145c	0.6	16.8
340	230	Sthn Malayan $M1	285xd	......	Q190c	1.0	14.3
240	134	Sungei Besi $M1	205	......	Q65c	5.3	6.8
85	55	Supreme Corp. $M1	68	......	ZQ10c	—	3.2
100	84	Tanjong 15p	98	......	6.60	0.8	10.0
100	74	Tongkah Hrbr. $M1	82	......	Q6.82%	0.7	9.8
270	148	Tronoh $M1	195	......	‡Q88c	1.6	‡

COPPER

1978 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
104	54	Messina R0.50	58	......	—	—	—

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
62	35	Barymin	54	−3	—	—	—
17	9	Burma Mines 17½p	13	......	—	—	—
300	180	Cons. Murch. 10c	180	......	‡Q30c	2.6	‡
465	245	Northgate C$1	415	−5	—	—	—
263	164	R.T.Z.	233	−2	9.5	2.8	6.0
90	30	Sabina Inds. C$1	44	−1	—	—	—
£12	687	Tara Exptn. $1	687	−13	—	—	—
185	120	Yukon Cons. C$1	134	......	Q7c	2.9	2.5

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

1978 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
$15¼	$10¾	Buffels R1	$10½	......	Q170c	1.8	13.7
$11¼	830c	East Drie R1	855c	−5	Q78c	1.7	10.6
585c	330c	East Rand Prp. R1	380c	+10	—	—	—
$28⅜	$16½	F. S. Geduld 50c	$27⅛	−⅛	Q315c	ϕ	20.9
$15⅛	975c	Pres. Brand 50c	$12⅜	−⅛	Q150c	ϕ	16.7
$13⅜	900c	St. Helena R1	975c	−12	Q193c	ϕ	22.5
465c	313c	Stilfontein 50c	380c	......	†Q22c	2.3	6.7
$17⅞	$16⅜	Vaal Reefs 50c	$15½	−⅛	Q115c	3.3	8.1
$57	$25	West Drie R1	$27½	−¼	Q385c	1.7	16.1
$31¼	$19	West Hldgs. 50c	$20½	......	Q415c	ϕ	25.4
$12½	895c	Western Deep R2	975c	......	Q82.5c	2.4	9.8

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ♢ Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend, cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✤ Regional price.
- ∥ No par value

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1979. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 36

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or —
Albany Inv. 20p	26	......
Ash Spinning	67xd	+1
Bertam	15	......
Bdg'wtr. Est. 50p	323	......
Clover Croft	23	......
Craig & Rose £1	615	......
Dyson (R. A.) A	35	......
Ellis & McHdy	64	......
Evered	24	......
Sheffield Brick	55	......
Sheff. Refrshmt	67xd	......
Sindall (Wm.)	117	......

IRISH

Stock	Price	+ or —
Conv 9% '80/82	£90½	......
Alliance Gas	103	+1
Arnott	352	......

OPTIONS

3-month Call Rates

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Wednesday December 6 1978

Money supply steady in November

BY DAVID FREUD

THE MONEY supply was steady last month, the latest banking figures, published yesterday, indicate.

Bank lending rose moderately, *but there was no sign of any significant increase in demand for funds by manufacturing industry.*

The main clearing banks were all well under the official corset ceiling for the expansion of their interest-bearing eligible liabilities—the level at which they have to pay penalties to the Bank of England for excessive growth in their customer deposits.

At the same time, the figures show that only seven banking institutions failed to come within the corset in August-October, the period *in* which the restrictions began to bite.

They suggest that the sterling money stock on *the* wider definition (M3), the measure used for official targets, was steady or moved up marginally in the month to mid-November.

This will encourage the Government, which has set a money supply growth target of 8 to 12 per cent a year.

A big factor in November's steady money stock is likely to have been *the heavy sales of* gilts after the 2.5 point jump in minimum lending rate to 12.5 per cent on November 9. The bank is estimated to have sold about £700m of stock in the following six days.

The main pointer to the November money supply figures comes from the moderate drop in the total eligible liabilities of the banking system. These, the main deposit funds of the banks and an important constituent of the *money stock fell by £203m, or* by 0.5 per cent in the month to *mid-November to £14.6bn.*

However, special factors *appear to have been at work,* deflating the level of eligible *liabilities in transactions* between the banks and money *market. Therefore, a* corresponding fall in the money supply figures, due next week, is unlikely.

There was a £170m increase in sterling advances by the London clearing banks to the UK private sector which, with seasonal factors taken into account, probably means an underlying increase of nearer £220m.

This rise was smaller than *that of the previous two* months and suggests a slow*down in the underlying rate of* increase.

Agricultural and *retailing* accounted for much of the in*crease in lending over the past* three months, while borrowing by manufacturers *fell by £14m.* Manufacturing industry is currently taking up 40 per cent or less of the overdraft and loan facilities bank managers have agreed to allow them.

Unless manufacturing industry demand picks up considerably, the banks are unlikely to find it difficult to remain within the corset, which allows interest-bearing eligible liabilities to grow by 1 per cent a month until April.

Tables Page 26

ATTEMPT TO PREVENT ONE-WAY MARKET COST $2.5bn.

Record intervention by U.S.

BY STEWART FLEMING

NEW YORK, Dec. 5.

THE U.S. authorities intervened in the foreign exchange markets *to a record degree between* August and October, the New York Federal Reserve Bank reported yesterday.

But their action, which involved a total of $2.5bn (£1.28bn), failed to prevent *what officials described as a* "one-way market" developing at *the end of October, with the* result that the Carter Administration resorted to a package of support measures for the dollar, *announced* on November 1.

The Fed estimated that, *during the period,* gross *market* intervention by large central banks around the world totalled $31bn, equal to the record $31bn reported in the February to April period, and well in excess of the $23bn reported in the May to July period.

The Fed report comments that tensions in the dollar market were compounded by a burst of speculation over a possible *realignment of currencies within* the Common Market joint float, *the "snake" as a prelude to the* setting up of the broader European Monetary System. Officials added that the emerging EMS "*did add to tensions in the* dollar market" although it had *the potential to contribute to* stability.

Departing from its normal practice at its quartely foreign exchange briefing, the Fed gave some indication of its operations in the market since the end of the reporting period.

Mr. Alan Holmes, *executive* vice-president of the New York Fed and *manager of the* Reserve system's open market account, said that reports that *the* authorities had spent $8-$10bn in the *past month supporting* the currency were "grossly *exaggerated.*"

He declined to be more *specific,* however, and he and Mr. Scott Pardee, deputy *manager for foreign exchange* operations, described intervention operations since November 1 as "concerted."

On events leading up to the November 1 support package, Mr. Partee said: "Everybody was trying to leave the room at the same time." The Fed reported that, from August to October—particularly in October — it intervened heavily in the market, spending the equivalent of $2.2bn in West German marks and $294m in Swiss francs.

It disclosed that, on the night President Carter announced his anti-inflation package, the Fed *intervened* in the Singapore foreign exchange market. It was *the first time* it had taken such action in the Far East.

Print union may handle only editors' work

BY ALAN PIKE, LABOUR CORRESPONDENT

LEADERS of the National Graphical Association will today consider instructing their provincial newspaper office members throughout the country to handle only material produced by editors during the journalists' strike.

Such action by print workers would add to the pressure on editors who, asisted by staff who are not members of the National *Union of Journalists,* are attempting to keep their papers on *the streets during the dispute.*

NGA members at the Press *Association national news agency* yesterday decided that they *would handle only* copy processed by Mr. David Chipp, the editor.

As a result, the agency's service, which has been a crucial factor in helping provincial newspapers to continue publication during previous disputes, was curtailed and closed down for much of the afternoon.

Journalists at PA voted 86-76 against an executive instruction to support the strike on Monday. The NUJ said that about one-third of them reported for work yesterday, while others *picketed* the agency's Fleet Street offices. The PA journalists are meeting today to review their position.

The Sheffield Morning Telegraph was the first casualty of the strike when it failed to appear yesterday. According to the NUJ, some weekly newspapers in the London area were not distributed because van drivers refused to cross journalists' picket lines.

Last night, the NUJ claimed that about 90 per cent of its 9,000 provincial members were on strike in support of the union's *£20 per week pay claim.*

Mr. Ken Ashton, general secre*tary, said: "The strike is gaining* momentum. It is now time the Newspaper *Society responded* with a firm new offer."

The Society, which represents the provincial employers, said that a majority of NUJ members were still working in Newcastle, Liverpool, Birmingham, Coventry, Southampton and Torbay. The Society's council is meeting this morning.

Apart from the journalists' dispute, *today's meeting of the NGA* national council will be considering the crisis at Times Newspapers where all publication has been suspended.

Lord Thomson of Fleet, president of the company, has rejected a request for direct talks from Mr. Joe Wade, NGA general *secretary.*

Lord Thomson said in an interview on ITN's News at One yesterday that whatever future course of action was taken, the company would "not go back to the conditions of publishing" which existed before last week's suspension.

As long as it was possible for him to continue justifying moral *personal and financial* support for the newspapers, he would do so.

He could not, however, say *how long this might be because* he did not know himself. He personally *believed* negotiations on industrial relations reforms would be sensible and successful.

News Analysis, Page 8

India holds back £20m from UK tea groups

By James Bartholomew

THE INDIAN Government is holding back about £20m of *profits earned by British tea com*panies. The action, because of a tax dispute, has affected nearly all the British tea companies, including subsidiaries and associates of Inchcape, Sime Darby Holdings, Brooke Bond Liebig and James Finlay.

*For the larger and more diver*sified companies, the dispute has so far caused no difficulties. But smaller companies have started to be significantly affected. Bazaloni Holdings and Badulipar Tea Company, two public companies in the Walter Duncan Goodricke group, for example, have both said that the lack of remit*tances* is "creating considerable financial problems."

The dispute, which started in August last year, is about the taxation of tea company profits over the past 16 years. Tea companies operating in India have normally paid secretarial and management fees to their head offices in the UK. But the Indian tax authorities suspect that more money has been paid in this way than was justified, to avoid the *high rates of Indian corporate* taxation.

Good years

The authorities are refusing to sign the "no objection" certificates needed before overseas companies can remit their profits

In March, Mr. Edmund Dell, then Secretary for Trade, was briefed on the issue during his trip to India and the matter was raised with Mr. Morarji Desai, the Indian Prime Minister, when he came to the UK in the summer.

According to the British Tea *Producers Association, profits of* £20m, made in 1974, 1975 and 1976, have been held back. The years concerned were good ones for the tea companies, with tea prices rising on the back of much higher coffee prices.

Some companies were able to remit their 1974 profits before the clampdown, while 1977 profits would not yet have got through the normal procedures anyway.

"*We are constantly hopeful of an agreement.*" Sir John Jar*dine Paterson,* chairman of the India committee of the British Tea Producers Association, said yesterday. "I don't want to say *anything* which would upset the Indian Government."

Proposals made for safeguards on computer data misuse

BY JOHN LLOYD

A GOVERNMENT advisory committee has called for the establishment of a statutory body withpowers of search and prosecution, and for the creation *of new criminal offences, to pro*tect people from the misuse of *information stored in computers.*

The Data Protection Committee was set up nearly three years ago, to advise the Government on safeguarding people's privacy. Increasing amounts of data are being stored on Government and private companies' computers and theh committee has produced a wide-ranging series of proposals.

They include:

- The establishment of a Data Protection Authority which would have a board of eight to 12 members, all appointed by the Crown, two full-time and an executive staff of around 40.
- The preparation of Codes of Practice by the authority, each setting out the rules for different types of organisation under which personal data may be collected, processed and stored. These codes would take the form of subordinate legislation.
- A requirement on all Government and local government agencies to register with the Agency. All other agencies covered by appropriate Codes would have to register once a Code had been prepared.
- The creation of offences under the Codes. Failure to register *an activity* which should be registered would be a summary *offence dealt* with by a magistrate's court. A breach of a *Code would be a more serious* offence to be dealt with by a *Crown court. Prosecution would* be by the authority rather than the police, *and authority inspec*tors would have powers, with a *magistrate's warrant,* of entry into and search of an agency's premises.
- The periodic inspection of registered agencies *to ensure* compliance with the required standards.
- The maintenance of a public register *for all agencies and sys*tems handling personal data, except in those cases — *possibly* the police and national security agencies — the authority was satisfied should be exempt.
- The possible waiving of application of a Code where the agency would be faced with "unreasonable" hardship, as in the case of a company faced with conflicting data protection requirements between the UK and abroad.

The report also recommends that wherever possible, the individual should know what information is being held on him and the use made of it. The informa*tion should be no more* extensive than necessary for the pur*poses to which it is being put.*

The committee stresses that the authority should be independent, particularly from Government. The authority's board should be appointed by the Crown, and report directly to Parliament. The staff should not be drawn from the civil service.

The authority should be *financed, after initial "pump-priming"* capital from Government, by fees payable by those bound by the Codes of Practice. *The report estimates that* administration costs should run *at around £500,000 a year.*

Report of the Committee on Data Protection, Cmnd. 7341, SO. £6.00.

Tarmac to cut German operation

By Martin Taylor

TARMAC IS to halve its loss-making West German roadstone and contracting operations through plant closures and sales to local companies. News of the moves, to be effective from January 1, come a month after the group announced the sale of its 60 per cent stake in its loss-making subsidiary Cubitt Nigeria to a Middle East consortium.

The road contracting business will be disposed of and the number of blacktop plants will be cut from more than 30 to 15. By early next year, the British company expects to have realised £7m from the businesses sold, in line with their book value.

Tarmac Bau, the group's wholly-owned West German building company, made losses last year of £2.4m before interest payments. It now hopes to return to profitability in 1979.

Mr Robin Martin, Tarmac's chairman and chief executive, said yesterday that the Nigerian and German disposals, taken together, meant the company "will enter 1979 with two of its major problems under control and on the way to a solution."

In West Germany, Tarmac is pulling out of Bavaria and Berlin, where most of the recent losses have been made, and slimming its two local trading companies, Asteer Bau and Franz Groene Strassenbau. Tarmac Bau's trading operations will centre on the Teerschotter Bau *business in the Duesseldorf area,* where the group has always been *stronger.*

Continued from Page 1

UK stays out

munist Parties. He apparently feared the assent to the increase would lead to domestic accusations that he had conceded power to the European Parliament.

If only six of the nine EEC countries join the EMS next month, it will be widely viewed as amounting to little more than an enlargement of the present currency "Snake" to accommodate France, which has twice been forced out of the existing arrangement.

Such an outcome would be a major disappointment to the hopes of Chancellor Schmidt of West Germany that a cohesive European zone of monetary stability could be created leading to further EEC integration.

It could also have far-reaching consequences for the future political development of the Community, since there would be a danger that EMS membership would divide EEC countries into two tiers, one for the economically strong and one for the weak.

The exchange-rate scheme agreed in principle earlier today provided for a system of co-ordinated central bank intervention on the foreign exchange markets to maintain a strict relationship between participating currencies.

Within the formal intervention margins there would be an early-*warning indicator to signal when* one currency began moving too far away from others. In such conditions there would be a presumed duty for the central bank concerned to take corrective action and to consult with other EEC monetary authorities.

Though ECC members not belonging to the EMS scheme would be free to pursue independent exchange-rate policies, they would be entitled to be consulted about parity changes by EMS participants.

Michael Blanden writes: The dollar was slightly weaker in European foreign exchange markets, after a day of nervous trading during the talks on the EMS.

There was an early flurry as the West German D-mark strengthened on expectations that it might be revalued in the context of agreement on the EMS. But a denial by a West German Government spokesman brought a fall in the D-mark and a recovery in the dollar.

At the close the dollar was slightly up against the D-mark at DM 1.9180 against DM 1.9155. It was a little weaker against the Swiss franc, and the pound gained 65 points at $1.9515.

Sterling's weighted average index against a basket of currencies calculated by the Bank of England rose to 62.7 *against* 62.5, while the dollar's slipped to 85 *against* 85.2.

Continued from Page 1

S. Africa cover-up

mation Minister and one-time heir-apparent to Mr. John Vorster as Prime Minister, for "serious irregularities," incompetence, and negligence.

It acuses him, along with Gen. Hendrik Van den Bergh, former *head of the Bureau of State* Security, South Africa's secret service, of attempting to cover up the irregularities. It *identifies* Dr. Eschel Rhoodie, the former Secretary of Information, as *guilty of at least one serious* offence in property dealings with secret funds, gross neglect and deliberate destruction of docu*ments to prevent an audit of his* operations.

The revelations, which are seen as threatening the increas*ingly fragile unity of the ruling* National Party, in which Dr. *Mulder retains a wide following,* have been published in advance *of a special session of Parliament* summoned for Thursday.

The Commission, *chaired* by Judge Rudolf Erasmus, seek to exonerate both Mr. Botha and Mr. Vorster, now State President, from any blame in the scandal. The report says Mr. Botha, whose Defence Department provided most of the Information Department's secret fund, was "at no stage aware of irregularities. His hands are clean in every respect and his integrity *remains* unblemished for his great task as Prime *Minister.*"

Mr. Vorster's position, however, is likely to come in for further challenge. Judge Erasmus admits that the former Premier's action in allowing the funding of the Citizen to continue for nine months after he knew the full extent of it is open to criticism. But, he says, his other actions are not. However the evidence of Dr. Mulder, Dr. Rhoodie and General Van den *Bergh,* conflicts directly with that of the President.

Although the report uses strong language about the activities of the former *Information* Department, it declines to *give details of most of the 180 to* 180 secret projects controlled by *Dr. Rhoodie for reasons of "State* security."

It remains to be seen what further action on the scandal Mr. Botha will order in the wake of the parliamentary debate. The commercial branch of the South African Police has been instructed to join the commission, whose work will continue until May. Dr. Eschel Rhoodie, who is out of the country, is likely to face criminal charges. His passport, and that of his brother, Deneys, have been withdrawn. Consular officials in Europe are trying to trace him.

General Van den Bergh, the shadowy figure behind the throne of Mr. Vorster, who suddenly retired earlier this year, is himself deeply implicated in the *entire operation and cover-up.*

THE LEX COLUMN

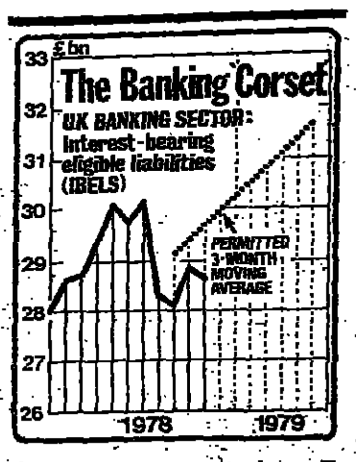
Currencies after Brussels

At least yesterday brought confirmation, through the bank*ing figures for November,* that the UK authorities have a tight control over the currency. Money supply on the sterling M3 basis is likely to have shown only a very small rise of under ½ per cent during the month. That leaves the gilt-edged market looking modestly firm, *and nestling up underneath the* medium and long tap prices, despite all the uncertainty over the EMS.

Last night the City was still baffled by *the manoeuvrings in* Brussels. According to the latest stories *it was looking as* though the EMS, after all the ballyhoo, was turning into nothing more significant than a French attempt to rejoin the snake. Currency dealers were left pondering on the signifi*cance for various key exchange* rates of a failure to put the *EMS* together. Superficially it would seem bad news for the lira and for the Irish pound, and marginally encouraging for sterling. But there are no *simple answers* because *no one* can tell the extent to which these currencies have previously been influenced by the prospect of their joining the new system.

All this is, of course, crucial for those British investors who have been *dabbling in the Irish* stock market, or have been taking a view on the investment currency premium on the assumption that the full rigmarole of exchange controls would be extended to include *Ireland. The premium has been* wobbling in the past few days, dipping to an effective rate of 31½ per cent on Monday but recovering yesterday. In theory, a *continuation of the link* between the pound and the punt *should be bullish in the short* run for the premium, with fears receding of any extension of the premium pool and consequent attempted profit-taking. Whichever way the Irish decision went, however, the Irish stock market *was likely* to come under pressure from speculators trying to take profits.

Index fell 1.7 to 488.2



Ranks Hovis

In *1972-73* Ranks Hovis McDougall made pre-tax profits of £27.9m on sales of £510m. Last year it made pre-tax profits of £31.1m on sales of £1.23bn and *if the bread strike con*tinues for much longer RHM is unlikely to top £40m in the current year. On past performance it should be capable of earning £80m and this hope, plus a hefty yield of nearly 10 per cent, seems to be sufficient to underpin the share *price.* Even after yesterday's dismal figures—pre-tax profits *are 15 per cent lower—and the* news that the final dividend has not been increased, the shares closed only 1p lower at 52p.

For the past couple of years recovery always seems to have been just around the corner at *RHM. In 1976-77 profits were* hit by the "continuing problems" in the UK bread industry and £2m of losses at Wessex Finance. Last year there was *a £3m turnaround into profit at* Wessex and the overseas side—boosted by U.S. acquisitions—chipped in another £0.7m at the trading level. However, interest and depreciation charges rose by £5.5m and in the aftermath *of last year's bread strike (which* cost the group around £3m) intense competition for business pushed the baking operation deep into the red.

*With the acquisition of Spil*lers' bakeries last April followed by the agreement in the late summer with ABF to curb the cut-throat competition to supply multiple retailers the outlook for RHM looked im*measurably better. However,* the latest bread strike, which started at the beginning of November, has probably cost the group £4m already, and losses are continuing at the rate of £1m per week. Unless Ranks can recoup its eventual higher wage costs in higher prices (which is far from certain) margins on the bakery side, even after the end of the strike, are *going to be under pressure.*

Following the massive property revaluation RHM still has plenty of financial flexibility with borrowings only equivalent *to half shareholders' funds.* However, this is unlikely to continue indefinitely if the group's return on capital *employed re*mains below 10 per cent.

Plessey

Once again the lush pastures of the world's electronics markets beckon Plessey. The order book at the end of Sep*tember had reached £765m,* an increase of 25 per cent on a year earlier, while in the UK ordering of telecommunications equipment by the Post Office seems to have moved well past its trough. And big military contracts are in the offing, with Plessey likely to be signed up *early next year* by the Ministry of Defence for a sizeable share of the initial £140m contract for the Ptarmigan communications system. But yesterday's *second quarter figures told the* usual *dull* story. Pre-tax profits *reached £10.7m in July-Septem*ber, up 9 per cent on the same quarter last time, but much of the growth has been achieved by associates, notably ICL, and *after six months* Plessey's operating profits are slightly lower than before

There are mitigating circumstances. Because the group's overseas *subsidiaries happened* mostly to be in weak *currency territories* like the U.S. and Australia, currency movements knocked £1m off second quarter profits. For *similar currency* reasons, Plessey claims that its second quarter sales growth of 1½ per cent actually represents a slight volume gain. Garrard remains a problem area, with a £2m loss in the first half likely to be *followed by another £2m* in the second six months, together with an exceptional £4m below the line. But after the current sharp retrenchment *at Garrard, where sales are* being cut from an annual rate of £25m to £11m, there are hopes of breakeven next year.

With the shares yesterday up 4p to 116p—*where the yield is* just over 7 per cent—the City was edging towards the view that better news is coming from Plessey. In the second half *deliveries will accelerate* on the telecommunications side, and pre-tax profits are expected to move up from £42.9m to the region of £60m. Next year will see further significant growth, together with loss elimination at Garrard. *But there remain* sceptics who fear that the growing order book, consisting as it does largely of new products, especially in telecom*munications, contains problems* as well as opportunities.

Weather

UK TODAY

RAIN followed by bright intervals. Fog in places.

London, E. Anglia, S., S.E., N., N.E. England, Midlands, Lakes
Some rain. Fog at first. Max. 8C (45F).

S.W. England, Wales, N. Ireland
Rain at first. Sunny intervals later. Max. 9C (48F).

Scotland, Scottish Islands, Isle of Man
Bright spells followed by cloud and rain. Max. 7C (45F).

Outlook: Rain at times. Rather windy.

From the London Weather Centre

BUSINESS CENTRES

	Y'day midday	°C	°F		Y'day midday	°C	°F
Amsterdm.	[illegible]	[illegible]	[illegible]	Madrid	[illegible]	[illegible]	[illegible]
Athens	[illegible]	[illegible]	[illegible]	Manchstr.	[illegible]	[illegible]	[illegible]
Bahrain	[illegible]	[illegible]	[illegible]	Melbourne	[illegible]	[illegible]	[illegible]
Barcelona	[illegible]	[illegible]	[illegible]	Milan	[illegible]	[illegible]	[illegible]
Beirut	[illegible]	[illegible]	[illegible]	Montreal	[illegible]	[illegible]	[illegible]
Belfast	[illegible]	[illegible]	[illegible]	Moscow	[illegible]	[illegible]	[illegible]
Belgrade	[illegible]	[illegible]	[illegible]	Munich	[illegible]	[illegible]	[illegible]
Berlin	[illegible]	[illegible]	[illegible]	Newcastle	[illegible]	[illegible]	[illegible]
Bmghm.	[illegible]	[illegible]	[illegible]	New York	[illegible]	[illegible]	[illegible]
Bristol	[illegible]	[illegible]	[illegible]	Oslo	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	Paris	[illegible]	[illegible]	[illegible]
B. Aires	[illegible]	[illegible]	[illegible]	Perth	[illegible]	[illegible]	[illegible]
Cairo	[illegible]	[illegible]	[illegible]	Prague	[illegible]	[illegible]	[illegible]
Cardiff	[illegible]	[illegible]	[illegible]	Reykjavik	[illegible]	[illegible]	[illegible]
Chicago	[illegible]	[illegible]	[illegible]	Rio de J'o	[illegible]	[illegible]	[illegible]
Cologne	[illegible]	[illegible]	[illegible]	Rome	[illegible]	[illegible]	[illegible]
Copnhagn.	[illegible]	[illegible]	[illegible]	Singapore	[illegible]	[illegible]	[illegible]
Dublin	[illegible]	[illegible]	[illegible]	Stockholm	[illegible]	[illegible]	[illegible]
Edinburgh	[illegible]	[illegible]	[illegible]	Strasbourg	[illegible]	[illegible]	[illegible]
Frankfurt	[illegible]	[illegible]	[illegible]	Sydney	[illegible]	[illegible]	[illegible]
Geneva	[illegible]	[illegible]	[illegible]	Tehran	[illegible]	[illegible]	[illegible]
Glasgow	[illegible]	[illegible]	[illegible]	Tel Aviv	[illegible]	[illegible]	[illegible]
Helsinki	[illegible]	[illegible]	[illegible]	Tokyo	[illegible]	[illegible]	[illegible]
H. Kong	[illegible]	[illegible]	[illegible]	Toronto	[illegible]	[illegible]	[illegible]
Jo'burg	[illegible]	[illegible]	[illegible]	Vienna	[illegible]	[illegible]	[illegible]
Lisbon	[illegible]	[illegible]	[illegible]	Warsaw	[illegible]	[illegible]	[illegible]
London	[illegible]	[illegible]	[illegible]	Zurich	[illegible]	[illegible]	[illegible]
Luxemb'g	[illegible]	[illegible]	[illegible]				

HOLIDAY RESORTS

	Y'day midday	°C	°F		Y'day midday	°C	°F
Ajaccio	[illegible]	[illegible]	[illegible]	Jersey	[illegible]	[illegible]	[illegible]
Algiers	[illegible]	[illegible]	[illegible]	Las Palms.	[illegible]	[illegible]	[illegible]
Biarritz	[illegible]	[illegible]	[illegible]	Locarno	[illegible]	[illegible]	[illegible]
Blackpool	[illegible]	[illegible]	[illegible]	Luxor	[illegible]	[illegible]	[illegible]
Bordeaux	[illegible]	[illegible]	[illegible]	Majorca	[illegible]	[illegible]	[illegible]
Boulogne	[illegible]	[illegible]	[illegible]	Malaga	[illegible]	[illegible]	[illegible]
Casablnca.	[illegible]	[illegible]	[illegible]	Malta	[illegible]	[illegible]	[illegible]
Cape Town	[illegible]	[illegible]	[illegible]	Nairobi	[illegible]	[illegible]	[illegible]
Corfu	[illegible]	[illegible]	[illegible]	Naples	[illegible]	[illegible]	[illegible]
Dubrovnik	[illegible]	[illegible]	[illegible]	Nice	[illegible]	[illegible]	[illegible]
Faro	[illegible]	[illegible]	[illegible]	Nicosia	[illegible]	[illegible]	[illegible]
Florence	[illegible]	[illegible]	[illegible]	Oporto	[illegible]	[illegible]	[illegible]
Funchal	[illegible]	[illegible]	[illegible]	Rhodes	[illegible]	[illegible]	[illegible]
Gibraltar	[illegible]	[illegible]	[illegible]	Salzburg	[illegible]	[illegible]	[illegible]
Guernsey	[illegible]	[illegible]	[illegible]	Tangier	[illegible]	[illegible]	[illegible]
Innsbruck	[illegible]	[illegible]	[illegible]	Tenerife	[illegible]	[illegible]	[illegible]
Inverness	[illegible]	[illegible]	[illegible]	Tunis	[illegible]	[illegible]	[illegible]
Isle of Man	[illegible]	[illegible]	[illegible]	Valencia	[illegible]	[illegible]	[illegible]
Istanbul	[illegible]	[illegible]	[illegible]	Venice	[illegible]	[illegible]	[illegible]

S—Sunny. R—Rain. C—Cloudy. F—Fair. Sn—Snow. Fg—Fog.

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